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# A BILL FOR AN ACT

RELATING TO CONTRACTORS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 444-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "**§444-2 Exemptions.** This chapter shall not apply to:

4 (1) Officers and employees of the United States, the  
5 State, or any county while in the performance of their  
6 governmental duties;

7 (2) Any person acting as a receiver, trustee in  
8 bankruptcy, personal representative, or any other  
9 person acting under any order or authorization of any  
10 court;

11 (3) A person who sells or installs any finished products,  
12 materials, or articles of merchandise that are not  
13 actually fabricated into and do not become a permanent  
14 fixed part of the structure, or to the construction,  
15 alteration, improvement, or repair of personal  
16 property;

17 (4) Any project or operation for which the [aggregate]  
18 contract price for labor[, materials, taxes, and all



1 ~~other items~~] is not more than \$1,000[-], exclusive of  
2 materials, taxes, and all other items. This exemption  
3 shall not apply in any case where [a]:

4 (A) A building permit is required regardless of the  
5 aggregate contract price, nor where the  
6 undertaking is only a part of a larger or major  
7 project or operation, whether undertaken by the  
8 same or a different contractor; or [~~in which a~~  
9 ~~division~~]

10 (B) Division of the project or operation is made in  
11 contracts of amounts not more than \$1,000 for the  
12 purpose of evading this chapter or otherwise;

13 (5) A registered architect or professional engineer acting  
14 solely in the person's professional capacity;

15 (6) Any person who engages in the activities regulated in  
16 this chapter as an employee with wages as the person's  
17 sole compensation;

18 (7) Owners or lessees of property who build or improve  
19 residential, farm, industrial, or commercial buildings  
20 or structures on property for their own use, or for  
21 use by their grandparents, parents, siblings, or  
22 children and who do not offer the buildings or



1 structures for sale or lease; provided that this  
2 exemption shall not apply to electrical or plumbing  
3 work that must be performed only by persons or  
4 entities licensed under this chapter, or to the owner  
5 or lessee of the property if the owner or lessee is  
6 licensed under chapter 448E. In all actions brought  
7 under this paragraph, proof of the sale or lease, or  
8 offering for sale or lease, of the structure not more  
9 than one year after completion is prima facie evidence  
10 that the construction or improvement of the structure  
11 was undertaken for the purpose of sale or lease;  
12 provided that this provision shall not apply to  
13 residential properties sold or leased to employees of  
14 the owner or lessee; provided further that in order to  
15 qualify for this exemption the owner or lessee must  
16 register for the exemptions as provided in section  
17 444-9.1. Any owner or lessee of property found to  
18 have violated this paragraph shall not be permitted to  
19 engage in any activities pursuant to this paragraph or  
20 to register under section 444-9.1 for a period of  
21 three years. There is a presumption that an owner or  
22 lessee has violated this section, when the owner or



- 1           lessee obtains an exemption from the licensing  
2           requirements of section 444-9 more than once in two  
3           years;
- 4           (8) Any joint venture if all members thereof hold licenses  
5           issued under this chapter;
- 6           (9) Any project or operation where it is determined by the  
7           board that less than ten persons are qualified to  
8           perform the work in question and that the work does  
9           not pose a potential danger to public health, safety,  
10          and welfare; or
- 11          (10) Any public works project that requires additional  
12          qualifications beyond those established by the  
13          licensing law and which is deemed necessary and in the  
14          public interest by the contracting agency."

15          SECTION 2. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17          SECTION 3. This Act shall take effect upon its approval.

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**Report Title:**

Contractors; Exemptions

**Description:**

Amends the "handyman" exemption to contractor licensing law to include contracts that are no more than \$1,000 for labor, exclusive of materials, taxes, and other items. (HB365 HD1)

