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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE HOUSE COMMITTEE ON
FINANCE

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION, 2010

FRIDAY, FEBRUARY 19, 2010
11:00 A.M.

TESTIMONY ON HOUSE BILL NO. 1927 H.D.1
RELATING TO OWNER-BUILDERS

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR,
AND TO THE HONORABLE MARILYN B. LEE, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs' Regulated Industries Complaints Office ("RICO") appreciates the opportunity to testify on House Bill No. 1927 H.D.1, Relating To Owner-Builders. My name is Jo Ann Uchida, RICO's Complaints and Enforcement Officer. RICO offers the following comments.

House Bill No. 1927 H.D.1 amends Chapter 444, Hawaii Revised Statutes ("HRS"), as follows: 1) authorizes the sale or lease of a property by an owner-builder prior to expiration of the current one-year prohibition period on sale or lease due to an eligible unforeseen hardship as determined by the Contractors Board

("Board"); 2) requires the Board to determine the eligibility of an unforeseen hardship upon application by an owner prior to sale or lease and to notify the owner of its determination within ninety days of the application; 3) adds an exemption to the one-year prohibition on sales for construction or improvements performed pursuant to a building permit which indicates that the estimated value of the work to be performed is less than \$10,000; 4) defines "completion" of the construction or improvement as the date of final inspection approval by the county; and 4) establishes fines for an owner-builder who fails to comply with the requirements set forth in the disclosure statement. The bill also provides for an effective date of January 1, 2011.

The language that requires owner-builders to comply with the owner-builder disclosure statement and sets forth fines for violations will assist RICO in more effectively addressing unlicensed contractor violations by deterring owner-builders from hiring unlicensed builders. As such, RICO does not believe that this revision to Chapter 444, HRS, will negatively impact its personnel or budget requirements.

Thank you for this opportunity to testify on House Bill No. 1927 H.D.1. I will be happy to answer any questions that the members of the Committee may have.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Friday, February 19, 2010
11:00 a.m.

WRITTEN TESTIMONY ONLY

**TESTIMONY ON HOUSE BILL NO. 1927, H.D. 1, RELATING TO
OWNER-BUILDERS.**

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Contractors License Board ("Board") appreciates the opportunity to present testimony on House Bill No. 1927, House Draft 1, Relating to Owner-Builders. The Board supports the bill's intent to allow owner-builders to sell their property within one year of completion due to unforeseen financial difficulties.

While the Board has not had the opportunity to review this bill at a Board meeting, based on past discussions, the Board would support: (1) allowing the owner-builder to sell or lease the property prior to the expiration of the one-year prohibition period in the event of an unforeseen hardship as determined by the Board; (2) an exemption to the one-year prohibition period for improvements valued at \$10,000 or less; (3) defining the completion date of a project as the date of final inspection approval by the county; (4) requiring owner-builders to comply with the requirements of section 444-9.1, HRS; and (5) imposing fines for failure to comply with the requirements of section 444-9.1, HRS.

Thank you for the opportunity to testify on House Bill No. 1927, H.D. 1.

February 18, 2010

The Honorable Marcus R. Oshiro, Chair

House Committee on Finance

State Capitol, Room 308

Honolulu, Hawaii 96813

RE: H.B. 1927, H.D.1, Relating to Owner-Builders

HEARING: Friday, February 19, 2010 at 11:00 a.m.

Aloha Chair Oshiro, Vice Chair Lee and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,800 members in Hawai'i. HAR **supports** H.B. 1927, H.D.1, which amends the contractor licensing law, Hawai'i Revised Statutes, Chapter 444.

HRS §444-2 defines owner-builders as individual homeowners who act as their own contractor for building or improving their residence for personal use or use by their immediate family. To qualify as an owner-builder, one restriction under the present law is that the residence cannot be sold, leased or offered for sale or lease within one-year after completion of the construction.

In the previous committee, the measure was amended providing for the sale or lease of a property by an owner builder prior to one-year prohibition period for the following circumstances:

1. Unforeseen hardship as determined by the contractors licensing board; and
2. Improvements of less than \$10,000 performed pursuant to an approved building permit.

Other amendments include clearly defining when a construction or improvement is completed and establishing fines for the failure of an owner-builder to comply with the requirements set forth in the disclosure statement.

HAR believes H.B. 1927 H.D.1 recognizes that homeowners who face financial or unforeseen hardships after receiving an owner-builder permit may need to sell their home or face even greater hardship.

We respectfully request your favorable consideration of this measure.

Mahalo for the opportunity to testify.