

JAN 19 2018

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# A BILL FOR AN ACT

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RELATING TO CONTRACTORS.

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

1       SECTION 1. The legislature finds that chapter 444, Hawaii  
2 Revised Statutes, requires that a licensed contractor be hired  
3 for any construction work that costs more than \$1,000 or that  
4 requires a building permit. However, the handyman exemption to  
5 chapter 444, Hawaii Revised Statutes, allows the hiring of a  
6 person not licensed as a contractor if the total value of the  
7 project, including labor and materials, is equal to or less than  
8 \$1,000.

9       The legislature further finds that as housing costs have  
10 increased in Hawaii, the cost of housing materials has also  
11 increased. As a result, small home repair projects may easily  
12 exceed \$1,000. Additionally, Act 195, Session Laws of Hawaii  
13 2009, increased the monetary sanctions for engaging in  
14 contracting without the required license in violation of the  
15 contractors licensing law. Fines were increased from \$500 to  
16 \$2,500 for the first offense and from \$1,000 to \$3,500 for the  
17 second offense. This represents a fivefold increase in the



1 amount of the first offense and over a threefold increase in the  
2 second offense fine.

3 Despite an increase in costs and a shortage of licensed  
4 contractors, the handyman exemption amount has not been  
5 increased since 1992. Accordingly, the legislature finds that  
6 in order to combat high housing costs, the handyman exemption  
7 should be expanded to provide faster, easier access to  
8 construction services for smaller projects.

9 It is necessary to raise the handyman exemption from \$1,000  
10 to \$5,000 for several reasons. First, increasing the exemption  
11 threshold brings the exemption more in line with the increased  
12 fines imposed by Act 195 and reduces that law's potential impact  
13 on handymen who take on small projects in good faith and face  
14 rising materials costs. Second, raising the handyman exemption  
15 will help landlords and homeowners reduce the costs of  
16 maintaining a home or for repairs to make rentals marketable.  
17 Finally, in rural parts of the State, it is often difficult to  
18 find licensed contractors because the job is either too small or  
19 contractors are not available.



1       The purpose of this Act is to raise the threshold under the  
2 contractor licensing law's handyman exemption from \$1,000 to  
3 \$5,000.

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

6       "**§444-2 Exemptions.** This chapter shall not apply to:

7       (1) Officers and employees of the United States, the  
8 State, or any county while in the performance of their  
9 governmental duties;

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

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

20       (4) Any project or operation for which the aggregate  
21 contract price for labor, materials, taxes, and all



1           other items is not more than [~~\$1,000.~~] \$5,000. This  
2           exemption shall not apply in any case where a building  
3           permit is required regardless of the aggregate  
4           contract price, nor where the undertaking is only a  
5           part of a larger or major project or operation,  
6           whether undertaken by the same or a different  
7           contractor or in which a division of the project or  
8           operation is made in contracts of amounts not more  
9           than [~~\$1,000~~] \$5,000 for the purpose of evading this  
10          chapter or otherwise;

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

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

16          (7) Owner-builders exempted under section 444-2.5;

17          (8) Any joint venture if all members thereof hold licenses  
18             issued under this chapter;

19          (9) Any project or operation where it is determined by the  
20             board that less than ten persons are qualified to  
21             perform the work in question and that the work does



1 not pose a potential danger to public health, safety,  
2 and welfare; or

3 (10) Any public works project that requires additional  
4 qualifications beyond those established by the  
5 licensing law and which is deemed necessary and in the  
6 public interest by the contracting agency."

7 SECTION 3. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

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# S.B. NO. 2376

**Report Title:**

Contractors; Exemptions

**Description:**

Raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

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