
A BILL FOR AN ACT

RELATING TO CONTRACTORS.

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

1 SECTION 1. Chapter 444, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§444- List of persons performing unlicensed work. The
5 department shall maintain and make public a list of persons
6 found in violation of section 444-9."

7 SECTION 2. Section 444-2.5, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) This chapter shall not apply to owners or lessees of
10 property who build or improve residential or farm buildings or
11 structures on property for their own use, or for use by their
12 grandparents, parents, siblings, or children, and who do not
13 offer the buildings or structures for sale or lease; provided
14 that:

15 (1) To qualify for an exemption under this section, the
16 owner or lessee shall register for the exemption as
17 provided in section 444-9.1;



(2) The exemption under this section shall not apply to electrical or plumbing work that must be performed only by persons or entities licensed in accordance with this chapter, unless the owner or lessee of the property is licensed for such work under chapter 448E;

(3) An owner or a lessee exempted under this section shall:

(A) Supervise the construction activity on the exempt buildings or structures;

(B) Hire subcontractors appropriately licensed under this chapter to perform any part of the construction activity for which a license is required;

(C) Ensure that any electrical or plumbing work is performed by persons and entities appropriately licensed under this chapter or chapter 448E;

(D) Deduct Federal Insurance Contributions Act and withholding taxes and provide workers' compensation insurance for persons working on the construction activity who are not licensed under



this chapter or chapter 448E and who shall be
 considered employees of the owner or lessee; and
 (E) Ensure that the construction activity complies
 with all applicable laws, ordinances, building
 codes, and zoning regulations;

(4) ~~[Until completion of the construction activity, an]~~ An
 owner or a lessee exempted under this section shall
~~[make available]~~ submit the following ~~[records for~~
~~immediate inspection upon request by]~~ to the
 department:

(A) Before filing the building permit application
with the county:

(i) A copy of the building permit
application[+], including the address of the
property where the exempt building or
improvement activity is to occur, a
description of the type of building or
improvement activity that is to occur, and
the approximate dates of construction;

~~[(B) A copy of the issued building permit;~~



1 ~~(C) Copies]~~ (ii) Whether any electrical or
 2 plumbing work is to be performed and, if so,
 3 the name and license number of the person or
 4 entity who will do the work and copies of
 5 all contracts with the names of all persons
 6 who ~~[performed or]~~ are performing work on
 7 the exempt buildings and structures~~[; and]~~
 8 and clearly identifying the work being
 9 performed by each person;

10 (iii) A copy of the disclosure statement required
 11 to be provided pursuant to section 444-
 12 9.1(c), which shall be signed and notarized
 13 by the owner or lessee; and

14 (iv) A fee based on the value of the estimated
 15 value of work as follows:

<u>Estimated Value</u>	<u>Fee</u>
<u>Up to and including \$50,000</u>	<u>\$0</u>
<u>More than \$50,000 to \$100,000</u>	<u>\$1,000</u>
<u>More than \$100,000 to \$250,000</u>	<u>\$2,000</u>
<u>More than \$250,000 to \$500,000</u>	<u>\$3,000</u>
<u>More than \$500,000 to \$1,000,000</u>	<u>\$4,000</u>



1 More than \$1,000,000 \$10,000;

2 provided that the fee collected by the
3 department shall be distributed to the
4 county in which the property is located;
5 provided further that any fees collected
6 shall be used for the inspections of all
7 properties with building permits issued to
8 persons exempt under this section; and

9 (B) Upon completion of the construction activity:

10 (i) An itemized listing of the general excise
11 taxes paid to all persons performing work on
12 the exempt buildings and structures;

13 ~~[(D)]~~ (ii) Proof of payment to all persons
14 contracted to work on the exempt buildings
15 and structures; [and]

16 (iii) A copy of the issued building permit; and

17 (iv) All amendments to any of the contracts
18 submitted pursuant to paragraph (A)(ii); and

19 (5) Upon completion of the construction activity, an owner
20 or lessee exempted under this section shall keep and
21 maintain the records identified in paragraph (4) for a



1 period of three years from completion of the
2 construction activity and shall make the records
3 available for inspection within seven business days
4 upon request by the department."

5 SECTION 3. Section 444-9.1, Hawaii Revised Statutes, is
6 amended by amending subsection (c) to read as follows:

7 "(c) The county shall provide applicants for the exemption
8 under section 444-2.5 with a disclosure statement in
9 substantially the following form:

10 "Disclosure Statement

11 State law requires construction to be done by licensed
12 contractors. You have applied for a permit under an
13 exemption to that law. The exemption provided in section
14 444-2.5, Hawaii Revised Statutes, allows you, as the owner
15 or lessee of your property, to act as your own general
16 contractor even though you do not have a license. You must
17 supervise the construction yourself. You must also hire
18 licensed subcontractors. The building must be for your own
19 use and occupancy. It may not be built for sale or lease.
20 If you sell or lease a building you have built yourself
21 within one year after the construction is complete, the law



1 will presume that you built it for sale or lease, which is
2 a violation of the exemption, and you may be prosecuted for
3 this. It is your responsibility to make sure that
4 subcontractors hired by you have licenses required by state
5 law and by county licensing ordinances. Electrical or
6 plumbing work must be performed by contractors licensed
7 under chapters 448E and 444, Hawaii Revised Statutes. Any
8 person working on your building who is not licensed must be
9 your employee which means that you must deduct F.I.C.A. and
10 withholding taxes and provide workers' compensation for
11 that employee, all as prescribed by law. Your construction
12 must comply with all applicable laws, ordinances, building
13 codes, and zoning regulations. If you violate section 444-
14 2.5 or fail to comply with the requirements set forth in
15 this disclosure statement, you may be fined \$5,000 or forty
16 per cent of the appraised value of the building as
17 determined by the county tax appraiser, whichever is
18 greater, for the first offense; and \$10,000 or fifty per
19 cent of the appraised value of the building as determined
20 by the county tax appraiser, whichever is greater, for any
21 subsequent offense."



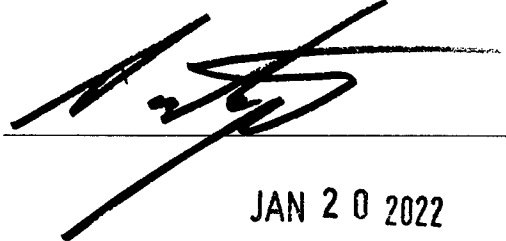
1 The county shall not issue a building permit to the owner-
2 applicant until the applicant signs a statement that the
3 applicant has read and understands the disclosure form[-] and
4 signs a form granting the county written permission to enter the
5 property for purposes of inspection."

6 SECTION 4. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act shall take effect on July 1, 2022.

9

INTRODUCED BY:


JAN 20 2022

H.B. NO. 1574

Report Title:

Contractors; Unlicensed Violators; Owner-Builder Exemption;
Required Documents; Fees

Description:

Requires DCCA to maintain and make public a list of persons that performed work without the required contractor license. Requires that certain documents be submitted to DCCA for projects being conducted pursuant to the owner-builder exemption of the contractor licensing law. Establishes fees based on the estimated value of the work to be performed by the owner-builder, to be used to pay for county building inspections. Requires owner-builders to provide written permission for a county to enter the property for inspection prior to a county issuing a building permit.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

