

**ACT 319**

H.B. NO. 2722-86

A Bill for an Act Relating to Contractors.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 444-11, Hawaii Revised Statutes, is amended to read as follows:

- ~~§444-11~~ No license issued when.** No license hereunder shall be issued to:
- (1) Any person unless [he] the person has filed an application therefor;
  - (2) Any person who does not possess a good reputation for honesty, truthfulness, financial integrity, and fair dealing; provided that any

person who during the six years prior to application has failed to satisfy an undisputed debt or a judgment relating to services or materials rendered in connection with operations as a contractor shall be presumed not to possess a good reputation for financial integrity;

- (3) Any individual unless [he is of the] the individual is age [of] eighteen years or more;
- (4) Any copartnership or joint venture which is not exempt under section 444-2(8) unless the contracting business thereof is under the direct management of a partner or employee thereof, and unless such partner or employee holds an appropriate license;
- (5) Any individual who is unable to qualify as a contractor or any corporation, unless the contracting business of such individual or corporation is under the direct management of an officer or employee thereof, and unless such officer or employee holds an appropriate license;
- (6) Any person unless [he] the person submits satisfactory proof to the contractors license board that [he] the person has obtained workers' compensation insurance or has been authorized to act as a self-insurer as required by chapter 386;
- (7) The provisions of this section shall not apply when it is determined by the contractors license board that less than ten persons are qualified to perform the work in question. The provisions also shall not apply with respect to public works projects which require additional qualifications beyond those established by the licensing law, and which are deemed necessary and in the public interest by the contracting agency.

In addition, any license issued hereunder shall not be renewed if the licensee no longer meets any one or more of the foregoing qualifications."

SECTION 2. Section 444-16.5, Hawaii Revised Statutes, is amended to read as follows:

**"[ [ ]§444-16.5[ ] ] Bond.** The contractors license board may require each licensee, applicant, individual or corporate, who is a specialty contractor to put up bond in the sum of not less than [\$2,500] \$5,000 executed by the licensee or applicant as principal and by a surety company authorized to do business in the State as surety.

The board may require each licensee, applicant, individual or corporate, who is a general contractor to put up a bond in the sum of not less than \$5,000 executed by the licensee or applicant as principal and by a surety company authorized to do business in the State as surety.

The board, in exercising its discretion shall take into consideration the licensee's or applicant's financial condition and [his] experience in the field.

The bond shall be in such form as the board may prescribe, conditioned upon the payment of wages, as defined in section 104-1(5), to the employees of the contractor or any other person or entity entitled to such wages when due, and giving employees or any other person or entity entitled to such wages who have not been paid a right of action on the bond in their own names; and upon the honest conduct of the business of the licensee, and upon the right of any person injured or damaged by any wrongful act of the licensee to bring [in his own name] an action on the bond; provided that any claim for wages shall have priority over all other claims."

**SECTION 3.** Statutory material to be repealed is bracketed. New statutory material is underscored.

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

(Approved June 6, 1986.)