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**PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE**

**TO THE SENATE COMMITTEE ON
WAYS AND MEANS**

**TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2013**

**FRIDAY, FEBRUARY 22, 2013
9:00 A.M.**

**WRITTEN TESTIMONY
ON SENATE BILL NO. 1077 S.D.1
RELATING TO THE OWNER-BUILDER EXEMPTION**

TO THE HONORABLE DAVID Y. IGE, CHAIR,
AND TO THE HONORABLE MICHELLE N. KIDANI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No. 1077 S.D.1, Relating to the Owner-Builder Exemption. My name is Daria Loy-Goto. I am the Complaints and Enforcement Officer for the Department's Regulated Industries Complaints Office ("RICO"). The Department strongly supports this Administration bill.

Senate Bill No. 1077 S.D.1 amends chapter 444, Hawaii Revised Statutes ("HRS") to clarify the responsibilities for owner-builders and increase fine amounts

for noncompliance with owner-builder requirements. Senate Bill No. 1077 S.D.1 also: (1) specifies that an owner-builder is not eligible to recover from the Contractors' Recovery Fund; (2) provides that the owner-builder exemption does not apply to agricultural buildings or structures that do not require a building permit or are exempt from the building code; and (3) clarifies that disclosure requirements apply prior to entering into a construction contract or at the time a homeowner signs a construction contract. Senate Bill No. 1077 S.D.1 represents consensus language agreed to between RICO and various industry stakeholders.

Owner-builders often obtain owner-builder permits without full knowledge of the responsibilities and risks they assume. This bill sets forth the requirements for owner-builders so that owner-builders will know exactly what is required of them.

From an enforcement perspective, inspection of owner-builder records as authorized in this bill will strengthen RICO's ability to monitor and prosecute violations.

In addition, the fiscal impact of the bill is anticipated to be minimal. Under current law, fines are based on a percentage of the appraised value of the building as determined by a county tax appraiser. While Senate Bill No. 1077 S.D.1 increases fine amounts, it does so based on the value of the construction or improvement as indicated on the building permit, which is a traditionally low amount. As such, the fines are not expected to significantly increase revenue.

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Thank you for this opportunity to submit written testimony on Senate Bill No. 1077 S.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 SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Friday, February 22, 2013
9:00 a.m.

WRITTEN COMMENTS ONLY

**TESTIMONY ON SENATE BILL NO. 1077, S.D. 1, RELATING TO THE OWNER-
BUILDER EXEMPTION.**

TO THE HONORABLE DAVID Y. IGE, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Peter Lee, and I am the Legislation Committee Chair of the Contractors License Board ("Board"). Thank you for the opportunity to comment on Senate Bill No. 1077, S.D. 1, Relating to the Owner-Builder Exemption.

The Board supports this bill, as it will enhance the Regulated Industries Complaints Office's ("RICO") ability to monitor and prosecute violations involving owner-builder construction projects. Often, owner-builder permits are used as a vehicle for unlicensed contracting activity. The Board feels that this bill will assist RICO in investigating such violations, as well as offer additional protection to the owner-builder by means of disclosure requirements.

Thank you for the opportunity to provide comments on Senate Bill No. 1077, S.D. 1.