



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

July 16, 2009

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 203 SD2 HD1 CD1

On July 15, 2009, Senate Bill No. 203, entitled "A Bill for an Act Relating to Contractors" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to increase the monetary penalties for unlicensed contracting from (1) \$500 to \$2,500 for the first offense, or 40% of the contract cost, and (2) from \$1,000 to \$3,500, or 40% of the contract cost, for the second offense.

Although this bill has the goal of deterring unlicensed contracting in the State of Hawaii, I am concerned that this legislation dramatically increases monetary fines without a corresponding increase in the threshold under the contractor licensing law's "handyman" exemption. This exemption provides that the licensing law does not apply to any project or operation for which the aggregate contract price for labor, materials, taxes, and all other items is not more than \$1,000.

The \$1,000 threshold has not been increased since 1992. The handyman exemption allows property owners to seek help with minor repairs and renovations. The dollar value of the threshold should be adjusted to reflect cost changes that have occurred over the past 17 years.

Although the Department of Commerce and Consumer Affairs has indicated that it plans to use reasonable discretion in imposing penalties under this bill, unlicensed workers may nevertheless face substantial fines when the work they are doing might more appropriately fall under the handyman exemption.

The Honorable Colleen Hanabusa, President
and Members of the Senate

Page 2

For the foregoing reasons, I allowed Senate Bill No. 203 to become law as Act 195,
effective July 15, 2009, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle", with a stylized flourish at the end.

LINDA LINGLE