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# HOUSE RESOLUTION

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REQUESTING A STUDY ON PUBLIC CONTRACTS.

1 WHEREAS, a general principle under the public procurement  
2 code is that contracts shall be awarded by process of  
3 competitive sealed bidding to the lowest responsible and  
4 responsive bidder whose bid meets the requirements and criteria  
5 set forth in the invitation for bids; and  
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7 WHEREAS, the bidding process is open to all contractors  
8 regardless of their principal place of business such that they  
9 may be either local contractors or out-of-state contractors; and  
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11 WHEREAS, there is concern that local contractors have  
12 difficulty competing for awards against out-of-state contractors  
13 because the high costs of doing business in Hawaii forces the  
14 bids of local contractors to be higher than the bids of out-of-  
15 state contractors; and  
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17 WHEREAS, significant cost drivers that raise the bid  
18 amounts of local contractors may be such things as the cost of  
19 workers' compensation premiums, the cost of prepaid health care  
20 insurance, unemployment insurance premiums, and general excise  
21 tax requirements; and  
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23 WHEREAS, the Director of Labor and Industrial Relations  
24 also notes on the department's website that in a survey  
25 conducted recently by the Pacific Business News, seventy-three  
26 per cent of local businesses responded that their number one  
27 issue was the soaring costs of workers' compensation (along with  
28 rising premiums for prepaid healthcare insurance); now,  
29 therefore,  
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31 BE IT RESOLVED by the House of Representatives of the  
32 Twenty-fourth Legislature of the State of Hawaii, Regular  
33 Session of 2007, the Senate concurring, that the Attorney  
34 General and the Department of Accounting and General Services is  
35 respectfully requested to conduct a study on whether costs  
36 incurred due to prepaid healthcare coverage plans, Hawaii

HR41 HD1

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1 general excise tax requirements, unemployment insurance  
2 premiums, workers' compensation premiums, and any other relevant  
3 factors negatively impact the competitiveness of in-state  
4 contractors in comparison to out-of-state contractors; and  
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6 BE IT FURTHER RESOLVED that the Attorney General and the  
7 Department of Accounting and General Services is further  
8 requested to submit findings and recommendations, including any  
9 proposed legislation, to the Legislature not later than twenty  
10 days prior to the convening of the Regular Session of 2008; and  
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12 BE IT FURTHER RESOLVED that a certified copy of this House  
13 Resolution be transmitted to the Attorney General and the  
14 Department of Accounting and General Services.  
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