

MAR 13 2007

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## SENATE CONCURRENT 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, a significant cost driver that raises the bid  
18 amounts of local contractors may be the cost of workers'  
19 compensation premiums; and  
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21 WHEREAS, the Director of Labor and Industrial Relations  
22 notes on the department's website that a recent national study  
23 ranks Hawaii third highest in the entire nation in workers'  
24 compensation premiums and that Hawaii's businesses on an average  
25 pay \$3.48 for every \$100 they pay in wages; and  
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27 WHEREAS, the Director of Labor and Industrial Relations  
28 also notes on the department's website that in a survey  
29 conducted recently by the Pacific Business News, seventy-three  
30 per cent of local businesses responded that their number one  
31 issue was the soaring costs of workers' compensation (along with  
32 rising premiums for prepaid healthcare insurance); now,  
33 therefore,



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2 BE IT RESOLVED by the Senate of the Twenty-fourth  
3 Legislature of the State of Hawaii, Regular Session of 2007, the  
4 House of Representatives concurring, that the Attorney General  
5 and the Insurance Commissioner are respectfully requested to  
6 conduct a study on whether state and county government contracts  
7 are being awarded to out-of-state contractors at the expense of  
8 local contractors, and whether a major reason for this is the  
9 higher workers' compensation insurance premiums paid by local  
10 contractors; and

11  
12 BE IT FURTHER RESOLVED that the Attorney General and the  
13 Insurance Commissioner are further requested to submit findings  
14 and recommendations, including any proposed legislation, to the  
15 Legislature not later than twenty days prior to the convening of  
16 the Regular Session of 2008; and

17  
18 BE IT FURTHER RESOLVED that certified copies of this  
19 Concurrent Resolution be transmitted to the Attorney General and  
20 the Insurance Commissioner.  
21  
22  
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OFFERED BY:

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