

MAR 13 2007

SENATE RESOLUTION

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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35 BE IT RESOLVED by the Senate of the Twenty-fourth
36 Legislature of the State of Hawaii, Regular Session of 2007,



1 that the Attorney General and the Insurance Commissioner are
2 respectfully requested to conduct a study on whether state and
3 county government contracts are being awarded to out-of-state
4 contractors at the expense of local contractors, and whether a
5 major reason for this is the higher workers' compensation
6 insurance premiums paid by local contractors; and
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8 BE IT FURTHER RESOLVED that the Attorney General and the
9 Insurance Commissioner are further requested to submit findings
10 and recommendations, including any proposed legislation, to the
11 Legislature not later than twenty days prior to the convening of
12 the Regular Session of 2008; and
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14 BE IT FURTHER RESOLVED that certified copies of this
15 Resolution be transmitted to the Attorney General and the
16 Insurance Commissioner.
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OFFERED BY:

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