

Honolulu, Hawaii

April 1, 2010

RE: S.B. No. 506
S.D. 1
H.D. 3

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 506, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this bill is to reduce costs for the Highways Division of the Department of Transportation (DOT) by requiring:

- (1) That in procurement contracts for highway construction affecting utility facilities payable by the State or a county and a utility, the portion to be paid by the utility be subject to certification as to the sufficiency of funds to pay contract costs;
- (2) The certification to be based on amounts to be paid by a utility pursuant to a legal agreement with the State or county; and
- (3) That in addition to the utility, the State or county may agree to make progress payments or final payment under the memorandum of agreement, and is responsible for any additional costs attributable to late payments.

This measure also exempts Kauai Island Utility Cooperative from its provisions.



DOT, Kauai Island Utility Cooperative, Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company testified in support of this bill. The Department of Environmental Services of the City and County of Honolulu provided comments.

Your Committee has amended this bill by:

- (1) Removing language providing an exemption for Kauai Island Utility Cooperative;
- (2) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 506, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 506, S.D. 1, H.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



