

STAND. COM. REP. NO.

342

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 687  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Labor, to which was referred S.B. No. 687  
entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to require contractors and subcontractors for certain public works construction contracts of \$100,000 or more and subcontracts of \$25,000 or more, to comply with certain requirements for the entire duration of their contracts, and to certify compliance with the requirements.

Testimony in support of this measure was submitted by six organizations and one individual. Testimony in opposition to this measure was submitted by one state agency, three organizations, and one individual. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee anticipates an imminent boom of economic stimulus, construction projects. During this time, out-of-state contractors or contractors of unfamiliar backgrounds, experience, and performance may gain an unfair advantage by violating state laws to win bids.

Your Committee finds that this measure is necessary to encourage compliance and mandate contractors to show proof of and maintain compliance for the entire duration of their contracts.



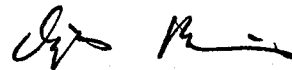
Your Committee further finds that this measure imposes sanctions on contractors or subcontractors who fail to comply with the proposed requirements, as necessary deterrents to potential violators.

Your Committee notes the concern that this measure may significantly limit the number and types of contractors who could bid on public works contracts and has accordingly amended this measure as follows:

- (1) By increasing the general contract amount and the subcontract amount for which this measure applies from \$100,000 to \$250,000 and from \$25,000 to \$50,000, respectively;
- (2) By removing the provisions requiring medical and workers' compensation insurance as prerequisites for the award of contracts, as these requirements are already established under existing law;
- (3) By amending the effective date to July 1, 2050 for the purpose of encouraging further discussion; and
- (4) By making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 687, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 687, S.D. 1, and be referred to the Committee on Judiciary and Government Operations.

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



---

DWIGHT Y. TAKAMINE, Chair



The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Labor**  
**LBR**

Bill / Resolution No.:* <b>SB 687</b>	Committee Referral: <b>LBR, J60</b>	Date: <b>2-17-09</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TAKAMINE, Dwight Y. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
BUNDA, Robert	✓			
HEE, Clayton	✓			
SLOM, Sam			✓	
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes