

JAN 20 2012

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# A BILL FOR AN ACT

RELATING TO PROCUREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 103D, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§103D-           Substitution of subcontractors. (a) Not  
5 withstanding any provision to the contrary, a contractor may  
6 substitute a subcontractor in place of the subcontractor listed  
7 in the original bid or proposal pursuant to sections 103D-302(b)  
8 and 103D-303(b) without the consent of the procurement officer  
9 of the purchasing agency; provided that:

10           (1) The subcontractor who is listed in the original bid or  
11           proposal and who is being substituted has consented in  
12           writing to the substitution;

13           (2) The substituted subcontractor is equally qualified as  
14           the subcontractor listed in the original bid or  
15           proposal; and

16           (3) Seventy-five per cent of any cost savings achieved  
17           from the substitution of the subcontractor shall be  
18           refunded to the purchasing agency by the contractor."



1 SECTION 2. Section 103D-302, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) An invitation for bids shall be issued, and shall  
4 include a purchase description and all contractual terms and  
5 conditions applicable to the procurement. If the invitation for  
6 bids is for construction~~[7]~~ with a contract value in excess of  
7 \$500,000, it shall specify that all bids include the name and  
8 location of the place of business of each person or firm to be  
9 engaged by the bidder as a joint contractor or subcontractor in  
10 the performance of the contract and the nature and scope of the  
11 work to be performed by each~~[-]~~, provided that the value of the  
12 work to be performed by the joint contractor or subcontractor  
13 is in excess of \$25,000. Construction bids that do not comply  
14 with this requirement may be accepted if acceptance is in the  
15 best interest of the State and the value of the work to be  
16 performed by the joint contractor or subcontractor is equal to  
17 or less than one per cent of the total bid amount."

18 SECTION 3. Section 103D-303, Hawaii Revised Statutes, is  
19 amended by amending subsection (b) to read as follows:

20 "(b) Proposals shall be solicited through a request for  
21 proposals. If the request for proposals is for construction  
22 with an estimated contract value in excess of \$500,000, the



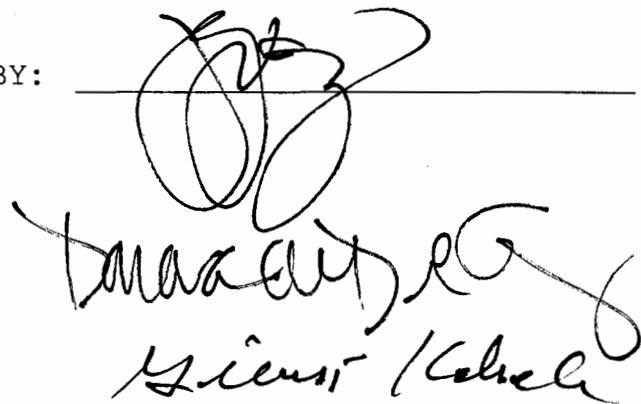
1 request for proposals shall specify that all proposals include  
2 the name and location of the place of business of each person or  
3 firm to be engaged by the offeror as a joint contractor or  
4 subcontractor in the performance of the contract and the nature  
5 and scope of the work to be performed by each, provided that the  
6 value of the work to be performed by the joint contractor or  
7 subcontractor is in excess of \$25,000."

8 SECTION 4. This Act does not affect rights and duties that  
9 matured, penalties that were incurred, and proceedings that were  
10 begun before its effective date.

11 SECTION 5. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 6. This Act shall take effect upon its approval.  
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INTRODUCED BY: \_\_\_\_\_



Handwritten signature of Gary K. Kelly, written in black ink over a horizontal line. The signature is stylized and includes the name 'Gary K. Kelly'.



# S.B. NO. 2413

**Report Title:**

Procurement; Construction; Subcontractors; Substitution; Savings

**Description:**

Requires solicitations for procurement of construction to require offerors to list subcontractors if the value of the contract is in excess of \$500,000 and the work to be performed by the subcontractor is in excess of \$25,000. Allows substitution of subcontractors if 75% of saving resulting from the substitution are refunded to the purchasing agency.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

