

**DEPARTMENT OF DESIGN AND CONSTRUCTION  
CITY AND COUNTY OF HONOLULU**

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DIRECTOR

CHRIS TAKASHIGE, P.E.  
DEPUTY DIRECTOR

February 10, 2012

The Honorable Robert N. Herkes, Chair  
and Members  
Committee on Consumer Protection and Commerce  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Herkes and Members:

Subject: House Bill No. 1676 HD1, Relating to Public Works

The Department of Design and Construction (DDC) respectfully **opposes** HB1676 HD1. The bill proposes to require that contracts "...for the construction, reconstruction, alteration, repair, improvement, or maintenance of a public building or public work entered into by a public agency shall contain a provision that the iron, steel, and manufactured goods used or supplied in the performance of the contract or any subcontract thereto shall be manufactured in the United States."

DDC strongly supports the apparent intent of the bill, which is to increase demand for specific American-made products and thus to provide economic stimulus to those sectors of the American economy. However, implementation of this bill would conflict with the City's goal of executing its many capital improvement projects as expeditiously and efficiently as possible, thus providing the greatest value for taxpayer dollars.

The proposed requirement would negatively impact the City's capital improvement projects by increasing project costs, paperwork requirements, and the duration of time required to execute projects. The City employs numerous processes, including project specifications, shop drawing review, and construction inspection, to ensure quality products are used on City construction projects. American-made products often provide the best value in terms of quality and availability, but this is not true in all instances.

Although section \_\_\_-3(b) of the bill provides for a waiver of the requirement under specific conditions, the process of obtaining the waiver will significantly increase the time and associated staff costs required to procure construction contracts for City projects. Specifically, publishing a public notice and justification for the waiver, providing 15-day public comment period, and considering all comments, will be detrimental to timely and efficient procurement of City construction projects.

The Honorable Robert N. Herkes, Chair  
and Members  
February 10, 2012  
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For these reasons DDC respectfully **opposes** HB 1676 HD1.

Thank you for the opportunity to testify.

Very truly yours,

  
Lori M. K. Kahikina, P.E.  
Director



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

February 13, 2012

**HB 1676, H.D. 1  
RELATING TO PUBLIC WORKS**

HOUSE COMMITTEE(S) ON CONSUMER PROTECTION & COMMERCE  
and JUDICIARY

The Department of Transportation (DOT) supports the intent of this bill to establish a preference for iron, steel, and manufactured goods produced in the United States.

However, this bill is not necessary for the DOT because:

1. The DOT already applies the federal Buy America provisions for steel and iron materials prescribed under 23 CFR Subpart 635.410 and 49 CFR 661, for all federal-aid projects. Current DOT federal-aid projects penalize bidders by 25% of the total bid when not in compliance with the federal Buy America provisions.
2. The DOT also uses Hawaii Products Preference provisions for State-funded projects.

The DOT has concerns about the delays that provisions in this bill will add to the current project development process. The proposed process for waiver of the bill's Buy American requirements would add many months to our existing process to bid our projects. These proposed waiver requirements include publication, and a lengthy comment, evaluation, and notice of finding period.

The bill may also potentially impact purchases of vehicles, computers, and electronic equipment, which contain foreign-made components.

Thank you for the opportunity to provide testimony.



NEIL ABERCROMBIE  
GOVERNOR



Dean H. Seki  
Acting Comptroller  
Jan S. Gouveia  
Deputy Comptroller

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
DEAN H. SEKI, ACTING COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
CONSUMER PROTECTION & COMMERCE  
ON  
February 13, 2012  
H.B. 1676, H.D. 1

RELATING TO PUBLIC WORKS

Chair Herkes and members of the Committee, thank you for the opportunity to submit testimony on H.B. 1676, H.D. 1.

The Department of Accounting and General Services opposes H.B. 1676, H.D. 1 because it will unnecessarily increase the administration and/or oversight responsibilities of government contracting agencies, increase the cost of projects, and possibly increase the number of protests filed.

Thank you for the opportunity to submit testimony on this matter.

**BIA-HAWAII**  
**BUILDING INDUSTRY ASSOCIATION**

**Testimony to House Committees on Consumer Protection & Commerce and  
Judiciary**

Monday, February 13, 2012

2:15 p.m.

Capitol Room 325

**RE: H.B. 1676 HD1, Relating to Public Works**

Good morning Chairs Herkes and Keith-Agaran, Vice-Chairs Yamane and Rhoads, and members of the Committees:

My name is Gladys Quinto Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, BIA-Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is **opposed** to H.B. 1676 HD1, which would establish a preference for the use of American iron, steel, and manufactured goods in the construction, alteration, or repair of public works.

While we understand the intent of this bill, which is to reinvigorate and support the production of American-made products, the implementation of such legislation will do the opposite for the construction industry. BIA-Hawaii supports U.S. products, but such legislation will not only slow public works projects due to possible unavailability of material, but also drive up the costs due to the limited market supply of particular materials.

This legislation will impact the jobs of framers, metal roll-forming companies (steel stud manufacturers), metal roofing product companies, and any other company that takes metal products and forms them into a finished product. Furthermore, BIA-Hawaii is opposed to mandating any type of preference for products used on public works projects.

Although Section 3(b) provides exceptions to mandating use of American made products, the administrative procedure presents enforcement and quality control issues that may be difficult to implement and monitor. The proposed requirement will impose unnecessary and unintended consequences and costs for the contractor and the State.

BIA-Hawaii is **opposed** to HB 1676 HD1 and we respectfully request that this bill be **held**.

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**GCA of Hawaii**

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 13, 2012

TO: HONORABLE REPRESENTATIVES ROBERT HERKES, CHAIR, RYAN YAMANE, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

SUBJECT: **OPPOSITION TO H.B. 1676, HD1 RELATING TO PUBLIC WORKS.**  
Establishes a preference for the use of American iron, steel, and manufactured goods in the construction, alteration, or repair of public works. Effective July 1, 2112. (HB1676 HD1)

HEARING

DATE: Monday, February 13, 2012

TIME: 2:15 p.m.

PLACE: Conference Room 325

Dear Chair Herkes, Vice Chair Yamane and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80<sup>th</sup> anniversary this year; GCA remains the largest construction association in the State of Hawaii. GCA is testimony in **opposition to H.B. 1676, HD1 Relating to Public Works.**

H.B. 1676, HD1 proposes to establish a preference for the procurement of iron, steel, and manufactured goods produced in the United States in all contracts for the construction, reconstruction, repair, improvement or maintenance of public works in the State. H.B. 1676, HD1 removed the language that prohibited the waiver of this Act's prohibition on using foreign-manufactured iron, steel, or goods in public works projects for iron, steel, and goods manufactured by a foreign country that is in violation of a trade agreement with the United States and changed the effective date.

Although GCA understands the intent of this bill, which is reinvigorate and support the production of American-made products, the implementation of such legislation will do the opposite for the construction industry. Such legislation will not only slow public works projects due to possible unavailability of material, but also drive up the costs due to the limited market supply of particular materials. GCA is opposed to mandating any type of preference for products used on public works projects.

Although Section 3(b) provides exceptions to mandating use of American made products, the administrative procedure presents enforcement and quality control issues that may be difficult to implement and monitor. The proposed requirement will impose unnecessary and unintended consequences and costs for the contractor and the state and therefore, we recommend that this bill not be approved by the committee.

We respectfully request that this bill be held. Thank you for the opportunity to testify on this measure.



The Twenty-Sixth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Consumer Protection & Commerce

Testimony by  
Hawaii State AFL-CIO  
February 13, 2012

H.B. 1676, HD1 – RELATING TO PUBLIC  
WORKS

The Hawaii State AFL-CIO strongly supports H.B. 1676, HD1 which establishes a preference for the use of American iron, steel, and manufactured goods in the construction, alteration, or repair of public works.

To get our nation back on track we must get our economy working again and working for the middle class. To help ensure this happens, we need to insist our tax dollars are spent at home, on American-made products. H.B. 1676, HD1 will do just that. It will help put Americans back to work by ensuring that state tax dollars are used to procure goods made in the United States whenever our trade laws permit.

Unfortunately, since 2000, 4 million U.S. manufacturing jobs have been lost amounting to losses of nearly one-fourth of all U.S. manufacturing jobs. Factory orders now stand at record lows while the U.S. racked up a \$700 billion trade deficit in 2007. However, according to an Alliance for American Manufacturing (AAM) study by the University of Massachusetts' Political Economy Research Institute, significant investment in infrastructure could create more than 250,000 manufacturing jobs if U.S.-made goods are used. This is why it is imperative to pass H.B. 1676, HD1. We must do all we can to help keep good paying jobs in the United States.

Thank you for the opportunity to testify.

Respectfully submitted,

Jason Bradshaw  
COPE Director