

SB 2201

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.

NEIL ABERCROMBIE
GOVERNOR



GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
FORD N. FUCHIGAMI
JADE BUTAY
RANDY GRUNE
JADINE URASAKI

IN REPLY REFER TO:

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

February 03, 2012

SB 2201

RELATING TO PUBLIC WORKS

SENATE COMMITTEE(S) ON TRANSPORTATION & INTERNATIONAL AFFAIRS and
PUBLIC SAFETY & GOVERNMENT OPERATIONS & MILITARY AFFAIRS and
JUDICIARY & LABOR

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 also has concerns about the delays that provisions in this bill will add to the current project development process. In projects utilizing concrete, Hawaii concrete manufacturers use foreign-made cement and have those cement products in stock. 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.

Thank you for the opportunity to provide testimony.



DEPARTMENT OF DESIGN AND CONSTRUCTION
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 11TH FLOOR
HONOLULU, HAWAII 96813
Phone: (808) 768-8480 • Fax: (808) 768-4567
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PETER B. CARLISLE
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR

CHRIS TAKASHIGE, P.E.
DEPUTY DIRECTOR

February 9, 2012

The Honorable Will Espero, Chair
and Members
Senate Committee on Public Safety, Government Operations, and Military Affairs
State Capitol
Honolulu, Hawaii 96813

The Honorable J. Kalani English, Chair
and Members
Senate Committee on Transportation and International Affairs
State Capitol
Honolulu, Hawaii 96813

The Honorable Clayton Hee, Chair
and Members
Senate Committee on Judiciary and Labor
State Capitol
Honolulu, Hawaii 96813

Dear Chair Espero, Chair English, Chair Hee and Members:

Subject: Senate Bill No. 2201, Relating to Public Works

The Department of Design and Construction (DDC) respectfully **opposes** SB2201. 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 Honorable Will Espero, Chair
and Members
The Honorable J. Kalani English, Chair
and Members
The Honorable Clayton Hee, Chair
and Members
February 9, 2012
Page 2

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.

For these reasons DDC respectfully **opposes** SB 2201.

Thank you for the opportunity to testify.

Very truly yours,



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

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
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PETER B. CARLISLE
MAYOR



MICHAEL R. HANSEN
DIRECTOR

NELSON H. KOYANAGI, JR.
DEPUTY DIRECTOR

TESTIMONY OF MICHAEL R. HANSEN, DIRECTOR
DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU

Sen. Will Espero, Chair,
and Members of Committee on
Public Safety, Government Operations,
and Military Affairs;
Sen. J. Kalani English, Chair,
and Members of Committee on
Transportation and International Affairs;
Sen. Clayton Hee, Chair,
and Members of Committee on
Judiciary and Labor

Dear Chair Espero, Chair English, Chair Hee and Members:

Subject: ERB/TIA/JDL Joint Hearing - February 13, 2012 at 1:15 p.m. HST
Sentate Bill No. 2201 Relating to Public Works

Thank you for the opportunity to testify on S.B. No. 2201. **The City & County of Honolulu opposes S.B. No. 2201** which establishes a preference for the use of American iron, steel, and manufactured goods in the construction, alteration, or repair of public works. This bill will:

1. Unnecessarily increase the administration and/or oversight responsibilities of government contracting agencies;
2. Increase the cost of projects; and
3. Increase the potential for bid protests.

Thank you.

The Twenty-Sixth Legislature
Regular Session of 2012

THE SENATE

Committee on Transportation and International Affairs

Senator J. Kalani English, Chair

Senator Will Espero, Vice Chair

Committee on Public Safety, Government Operations, and Military Affairs

Senator Will Espero, Chair

Senator Michelle N. Kidani, Vice Chair

State Capitol, Conference Room 224
Monday, February 13, 2012; 1:15 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2201
RELATING TO PUBLIC WORKS**

The ILWU Local 142 supports S.B. 2201, which establishes a preference for the use of American iron, steel, and manufactured goods in the construction, alteration, or repair of public works.

The steel industry in the U.S. has suffered from a proliferation of imports from other countries. Lower cost is usually the reason for the shift towards imports. However, the lowest cost does not necessarily mean the best quality or the best investment. Low-cost products from foreign countries may be the result of exploitation due to lower wage, labor, safety, and environmental standards--certainly not what we should support.

Public works projects using taxpayer dollars must be concerned not only about cost but about quality and the bigger picture. If Hawaii's public works projects use American-made materials, Hawaii will be supporting American industry and the American economy.

While the State's purchase and use of steel manufactured in the U.S. may have little impact in the global economy, enactment of this bill demonstrates Hawaii's public policy towards goods manufactured in the U.S. and good-paying jobs that support our economy and the American people.

The ILWU urges passage of S.B. 2201. Thank you for the opportunity to testify.

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Honolulu, HI 96819
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Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 13, 2012

TO: HONORABLE SENATORS WILL ESPERO, CHAIR, MICHELLE KIDANI,
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON PUBLIC
SAFETY, GOVERNMENT OPERATIONS AND MILITARY AFFAIRS

HONORABLE SENATORS J. KALANI ENGLISH, CHAIR, WILL ESPERO,
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON
TOURISM AND INTERNATIONAL AFFAIRS

HONORABLE SENATORS CLAYTON HEE, CHAIR, MAILE
SHIMABUKURO, VICE CHAIR AND MEMBERS OF THE SENATE
COMMITTEE ON JUDICIARY AND LABOR

SUBJECT: **OPPOSITION TO S.B. 2201, 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.

HEARING

DATE: Monday, February 13, 2012
TIME: 1:15 p.m.
PLACE: Conference Room 224

Dear Chairs, Vice Chairs and Members:

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 80th anniversary this year; GCA remains the largest construction association in the State of Hawaii. **GCA is submitting testimony in opposition regarding S.B. 2201, Relating to Public Works.**

S.B. 2201 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.

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 proposed 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.

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

**Testimony to Senate Committees on Transportation and International Affairs,
Public Safety, Government Operations, and Military Affairs, and Judiciary and
Labor**

Monday, February 13, 2012

1:15 p.m.

Capitol Room 224

RE: S.B. 2201, Relating to Public Works

Good morning Chairs English, Espero, and Hee, Vice-Chairs Espero, Kidani, and Shimabukuro, 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 S.B. 2201, which establishes a preference for the use of American iron, steel, and manufactured goods in the construction, alteration, or repair of public works.

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

Although Section 3(b) provides exceptions to mandating the 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.

For the foregoing reasons, BIA-Hawaii is **opposed** to S.B. 2201.

Thank you for the opportunity to share with you our views.

THE SENATE
THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012

FILED
11:25 AM
CLEVELAND
FEB 13 2012

COMMITTEE ON TRANSPORTATION AND INTERNATIONAL AFFAIRS

Senator J. Kalani English, Chair
Senator Will Espero, Vice Chair

'12 FEB -3 P4:38

COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS

Senator Will Espero, Chair
Senator Michelle N. Kidani, Vice Chair

COMMITTEE ON JUDICIARY AND LABOR

Senator Clayton Hee, Chair
Senator Mailé S.L. Shimabukuro, Vice Chair

NOTICE OF HEARING

DATE: Monday, February 13, 2012
TIME: 1:15 p.m.
PLACE: Conference Room 224
State Capitol
415 South Beretania Street

A G E N D A

SB 2224

Status &
Testimony

RELATING TO THE TAX LIEN AND ENCUMBRANCE
RECORD.

Allows the recordation of outstanding judgments payable to state or county agencies as a condition precedent to a vehicle's renewal, registration, or transfer of ownership. Exempts state and county agencies from paying the tax lien and encumbrance record statutory fee.

TIA/PGM/JDL,
WAM

SB 2506

Status &
Testimony

RELATING TO CIVIL IDENTIFICATION.

Transfers the non-driver's, or civil, identification program from the department of the attorney general to the department of transportation. Requires non-driver's identification cards to be issued by the examiners of drivers in each county to comply with the federal REAL ID Act of 2005, division B of P.L. 109-13, by January 1, 2013.

TIA/PGM/JDL,
WAM

SB 2201

Status &
Testimony

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.

PGM/TIA/JDL,
WAM

Decision Making to follow, if time permits.

Click [here](#) to submit testimony to the Senate Committee on Transportation and International Affairs.

Testimony may be submitted up to 24 hours prior to the start of the hearing.

FOR AMENDED NOTICES: Measures that have been deleted are stricken through and measures that have been added are underscored. If a measure is both underscored and stricken through, that measure has been deleted from the agenda.

