
A BILL FOR AN ACT

RELATING TO PROCUREMENT.

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

1 SECTION 1. Section 103D-324, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Unless the policy board determines otherwise by
4 rules, the following bonds or security shall be delivered to the
5 purchasing agency and shall become binding on the parties upon
6 the execution of the contract if the contract which is awarded
7 exceeds \$25,000 and is for construction, or the purchasing
8 agency secures the approval of the chief procurement officer:

9 (1) A performance bond in a form prescribed by the rules
10 of the policy board, executed by a surety company
11 authorized to do business in this State or otherwise
12 secured in a manner satisfactory to the purchasing
13 agency, for the protection of all persons supplying
14 labor and material to the contractor for the
15 performance of the work provided for in the contract,
16 in an amount equal to one hundred per cent of the
17 price specified in the contract; provided that:



1 (A) The surety company shall be independent from any
2 of the parties of the awarded bid, which shall
3 include any individuals or companies involved
4 with the awarded bid; and

5 (B) No surety company or bond company can be revoked
6 or dismissed until ninety days after completion
7 of the project and all claims, torts, and liens
8 have been settled.

9 (2) A payment bond in a form prescribed by the rules of
10 the policy board, executed by a surety company
11 authorized to do business in this State or otherwise
12 secured in a manner satisfactory to the purchasing
13 agency, for the protection of all persons supplying
14 labor and material to the contractor for the
15 performance of the work provided for in the contract.
16 The bond shall be in an amount equal to one hundred
17 per cent of the price specified in the contract; or

18 (3) A performance and payment bond which satisfies all of
19 the requirements of paragraphs (1) and (2)."



1 SECTION 2. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Procurement Code; Performance Bonds

Description:

Establishes additional performance bond requirements for surety companies and bond companies under the Hawaii Public Procurement Code. (HB1415 HD1)

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