

Honolulu, Hawaii

FEB 15 2017

RE: S.B. No. 1069  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 1069 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require public works construction bids to list joint contractors and subcontractors only when the total estimated contract value is \$1,000,000 or greater; and
- (2) Permit bids lacking joint contractor and subcontractor lists to be accepted if it is in the best interest of the State and the value of the joint contractor or subcontract work is equal to or less than five percent of the total bid amount.

Your Committee received testimony in support of this measure from the Department of Budget and Fiscal Services of the City and County of Honolulu and the General Contractors Association of Hawaii. Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services, Electrical Contractor's Association of Hawai'i, Ironworkers Stabilization Fund, Plumbing and Mechanical Contractors Association of Hawaii, and Subcontractors Association of Hawaii. Your Committee received comments on this measure from the State Procurement Office.



Your Committee finds that requiring the listing of joint contractors and subcontractors for all public works construction projects may result in unnecessary bid protests, award delays, and increased project costs. Such circumstances often lead to inefficiencies in completing public work projects. Your Committee supports placing limits on the public works construction bids that require joint contractor and subcontractor listings, however it further finds that the contract value threshold and joint contractor and subcontractor work percentage threshold in this measure deserves further attention and study as it advances through the legislative process.

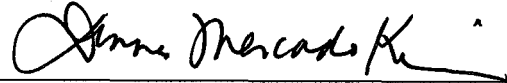
Your Committee has amended this measure by:

- (1) Removing the \$1,000,000 contract value threshold and inserting a blank amount for situations when public works construction bids must list joint contractors and subcontractors;
- (2) Removing the five percent threshold and inserting a blank percent for situations when the total bid value that the joint contractor or subcontractor work must be less than for the bid to be acceptable without listing joint contractors and subcontractors;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) 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 Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1069, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1069, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Government  
Operations,



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DONNA MERCADO KIM, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:* <i>SB 1069</i>	Committee Referral: <i>GVO, WAM</i>	Date: <i>2/9/17</i>		
<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
KIM, Donna Mercado (C)	<input checked="" type="checkbox"/>			
RUDERMAN, Russell E. (VC)	<input checked="" type="checkbox"/>			
GALUTERIA, Brickwood				<input checked="" type="checkbox"/>
RHOADS, Karl	<input checked="" type="checkbox"/>			
TOKUDA, Jill N.				<input checked="" type="checkbox"/>
<b>TOTAL</b>	<i>3</i>	<i>0</i>	<i>0</i>	<i>2</i>
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