

STAND. COM. REP. NO.

1036

Honolulu, Hawaii

MAR 23 2017

RE: H.B. No. 1229
H.D. 1
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 H.B. No. 1229, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to require public works construction bids to include the name of each joint contractor and subcontractor only when the total estimated contract value is more than an unspecified amount; provided that bids lacking joint contractor and subcontractor names may be accepted if it is in the best interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one 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; General Contractors Association of Hawaii; Building Industry Association of Hawaii; Nordic PCL Construction, Inc.; Healy Tibbitts Builders, Inc.; Tomco Corp.; LYZ, Inc.; Jayar Construction, Inc.; S & M Sakamoto, Inc.; Alan Shintani, Inc.; Ralph S Inouye Co, Ltd; and Hawaiian Dredging Construction Company, Inc. Your Committee received testimony in opposition to this measure from the State Procurement Office; Department of Accounting and General Services; Subcontractors Association of



Hawaii; Electrical Contractor's Association of Hawai'i; Sheet Metal Contractors Association; Plumbing and Mechanical Contractors Association of Hawaii; Painting Industry of Hawaii Labor Management Cooperation Trust Fund; Hawaii Tapers Market Recovery Trust Fund; Hawaii Glaziers; Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund; and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund. Your Committee received comments on this measure from the Department of Transportation.

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, and your Committee supports placing limits on the public works construction bids that require joint contractor and subcontractor listings. Your Committee 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 one 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; and
- (2) 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 H.B. No. 1229, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1229, H.D. 1, S.D. 1, and be referred to your Committees on Judiciary and Labor and Ways and Means.



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



DONNA MERCADO KIM, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1229 HDI	GVO, JDL/WAM	3/16/17		
<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)	X			
RUDERMAN, Russell E. (VC)	X			
GALUTERIA, Brickwood				X
RHOADS, Karl		X		
TOKUDA, Jill N.				X
TOTAL	2	1	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes