

STAND. COM. REP. NO. 1772

Honolulu, Hawaii
March 24, 2017

RE: S.B. No. 1068
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 1068, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit the disqualification or rejection of a bid that includes a listed subcontractor whose license is not valid at the time of the bid due to a lapse in continuous insurance and bond coverage if the subcontractor meets certain conditions; and
- (2) Require procurement officers to report any unlicensed activity at the time of the bid to the Contractors License Board.

The General Contractors Association of Hawaii testified in support of this measure. Hawaii Laborers-Employers Cooperation and Education Trust supported the intent of this measure. The State Procurement Office, Plumbing and Mechanical Contractors Association of Hawaii, Iron Workers Stabilization Fund, and Steel Fabricators and Erectors of Hawaii testified in opposition. The Regulated Industries Complaints Office of the Department of



Commerce and Consumer Affairs; Department of Transportation; Contractors License Board; Subcontractors Association of Hawaii; and Electrical Contractors Association of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Establishing time constraints for the subcontractor to satisfy certain conditions that would prevent the disqualification or rejection of a bid due to the subcontractor's invalid license;
- (2) Requiring a procurement officer to report any unlicensed activity if a bid is disqualified or rejected because the subcontractor fails to meet certain licensing requirements rather than at the time of the bid;
- (3) Changing its effective date to July 1, 2050, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1068, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1068, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



AARON LING JOHANSON, Chair



