

Honolulu, Hawaii

FEB 15 2017

RE: S.B. No. 1280
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. 1280 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to establish additional performance bond requirements for surety and bond companies under the Hawaii Public Procurement Code.

Your Committee received testimony in support of this measure from the State Procurement Office, Electrical Contractor's Association of Hawai'i, Ironworkers Stabilization Fund, and Subcontractors Association of Hawaii. Your Committee received testimony in opposition to this measure from the Hawaii Captive Insurance Council and Risk Solution Partners, LLC. Your Committee received comments on this measure from the General Contractors Association of Hawaii.

Your Committee finds that establishing additional requirements for surety companies serves to further uphold the integrity of the Hawaii Public Procurement Code, and provides financial protection to the State and its taxpayers.

Your Committee has amended this measure by:


- (1) Removing language that inadvertently changed the purpose of performance bonds;



- (2) Clarifying that the new bond requirements apply to performance bonds and payment bonds;
- (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. 1280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1280, S.D. 1, and be referred to your Committee on Commerce, Consumer Protection, and Health.

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.:* <i>SB 1280</i>	Committee Referral: <i>GVO, CPH</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)	X			
RUDERMAN, Russell E. (VC)	X			
GALUTERIA, Brickwood				X
RHOADS, Karl	X			
TOKUDA, Jill N.				X
TOTAL	<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: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes