

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 2600  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2600, S.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 establish the subcontractor listing pilot program, to be conducted by the University of Hawaii.

More specifically, the measure requires the University of Hawaii to:

- (1) Require all bids for construction contracts where the estimated contract value is more than \$3,000,000, to list all joint contractors and subcontractors; and
- (2) Require all bids for construction contracts where the estimated contract value is less than \$3,000,000, to list the joint contractors and subcontractors representing the electrical, plumbing, asbestos, elevator, and boilermaker trades.

Your Committee received written comments in support of this measure from the University of Hawaii System; Department of Transportation; Department of Budget and Fiscal Services of the City and County of Honolulu; General Contractors Association of



Hawaii; Building Industry Association of Hawaii; LYZ, Inc.; Healy Tibbitts Builders, Inc.; Royal Contracting Co., Ltd.; Hawaiian Dredging Construction Company, Inc.; Nordic PCL Construction, Inc.; and Alan Shintani, Inc.

Written comments in opposition were received from the Hawaii Wall and Ceiling Industry Association; Subcontractors Association of Hawaii; Ironworkers Stabilization Fund; 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; Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund; Sheet Metal Contractors Association; and Electrical Contractors Association.

Your Committee finds that the measure, as received, could have unintended negative impacts on the procurement process, and according to the written comments submitted by the University of Hawaii System, changes to the subcontractor listing requirements for projects valued at less than \$3,000,000 would add to the administrative review process and create new grounds for bid protests.

Accordingly, your Committee has amended this measure by:

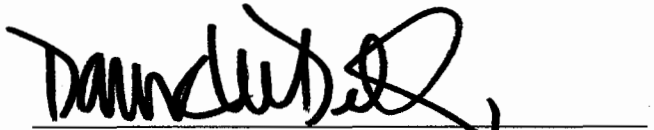
- (1) Replacing the language of section 2(a) of the measure in its entirety with language proposed by the University of Hawaii System that:
  - (A) States, among other things, that the subcontractor listing pilot program conducted by the University of Hawaii shall not require a listing of joint contractors or subcontractors to be included in competitive sealed bids for construction where the estimated contract value is less than \$3,000,000; and
  - (B) Deletes references to joint contractors and subcontractors representing the electrical, plumbing, asbestos, elevator, and boilermaker trades;



- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2600, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2600, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



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DONOVAN M. DELA CRUZ, Chair



