

**HB 2178**

**RELATING TO  
PROCUREMENT**

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# A BILL FOR AN ACT

RELATING TO PROCUREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 103D-709, Hawaii Revised Statutes, is  
2 amended by amending subsection (e) to read as follows:

3           "(e) The party initiating a proceeding falling within  
4 subsection (d) shall pay to the department of commerce and  
5 consumer affairs a cash or protest bond in the amount of:

6           (1) \$1,000 for a contract with an estimated value of less  
7 than \$500,000;

8           (2) \$2,000 for a contract with an estimated value of  
9 \$500,000 or more, but less than \$1,000,000; or

10          (3) One-half per cent of the estimated value of the  
11 contract if the estimated value of the contract is  
12 \$1,000,000 or more [~~; provided that in no event shall~~  
13 ~~the required amount of the cash or protest bond be~~  
14 ~~more than \$10,000]~~.

15          If the initiating party prevails in the administrative  
16 proceeding, the cash or protest bond shall be returned to that  
17 party. If the initiating party does not prevail in the



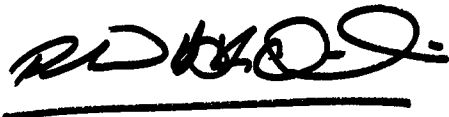




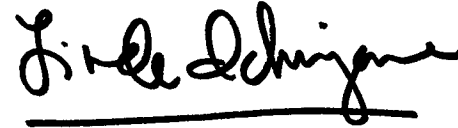
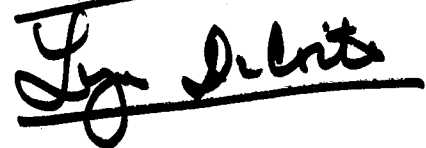


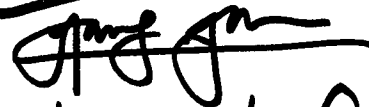
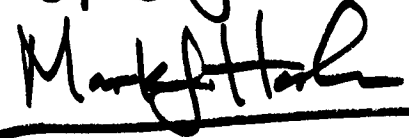
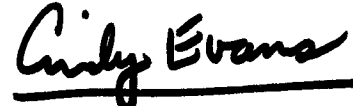
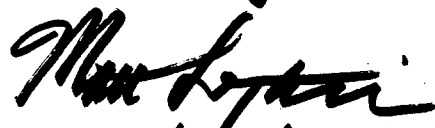

1 administrative proceeding, the cash or protest bond shall be  
2 deposited into the general fund."

3 SECTION 2. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

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# H.B. NO. 2178

**Report Title:**

Procurement; Protest Bond

**Description:**

Removes \$10,000 maximum limit on a cash or protest bond that must be posted for a procurement award protest.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*



**HB 2178**

**TESTIMONY**

DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
Comptroller

AUDREY HIDANO  
Deputy Comptroller

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF  
RODERICK K. BECKER, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT  
ON  
TUESDAY, FEBRUARY 13, 2018  
9:15 A.M.  
CONFERENCE ROOM 309

H.B. 2178

RELATING TO PROCUREMENT.

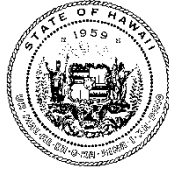
Chair Johanson, Vice Chair Holt, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 2178.

The Department of Accounting and General Services supports this bill which removes the maximum limit on the amount of cash or bond that must be submitted to initiate administrative proceedings under HRS Section 103D-709 for the following reasons:

1. The proposed change has the potential to reduce the number of protests filed for large, high-profile projects because the degree of risk to be borne by the protestor will increase.
2. The proposed change will allow the State to collect funds which more appropriately compensate for the required level of defense of the protest and the adverse impacts on the protested project.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII**  
**STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE  
  
TO THE HOUSE COMMITTEE  
ON  
LABOR & PUBLIC EMPLOYMENT  
Tuesday, February 13, 2018, 9:15AM

HOUSE BILL 2178  
RELATING TO PROTEST BOND

Chair Johanson and Vice-Chair Holt and members of the committee, thank you for the opportunity to submit testimony on House Bill 2178. The State Procurement Office (SPO) **supports** the intent of this bill which removes the \$10,000 maximum limit on a cash or protest bond that must be posted for a procurement award protest.

In 2013, the National Association of State Procurement Officials (NASPO) conducted a research brief that examined bid protest policies and practices in state central procurement offices across the nation. Appendix IV, Bid Protest Bonds survey revealed a protest bond range of 1% to 25% among states with such a provision. Of the states in the study, only Hawaii had a protest bond cap not to exceed \$10,000.

Below is a link to the report.

[http://www.naspo.org/dnn/portals/16/documents/.FINAL\\_NASPO\\_BidProtests\\_Research\\_Brief\\_042413.pdf](http://www.naspo.org/dnn/portals/16/documents/.FINAL_NASPO_BidProtests_Research_Brief_042413.pdf)

Thank You

**HB 2178**

**LATE  
TESTIMONY**