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IN REPLY REFER TO:

February 28, 2018
11:00 a.m.
State Capitol, Room 211

S.B. 2600, S.D. 1
RELATING TO PROCUREMENT

Senate Committee on Ways and Means

The Department of Transportation (DOT) **supports** this proposed bill that would create a pilot program for subcontractor listing to be conducted by the University of Hawaii. S.B. 2600, S.D. 1 would direct the University of Hawaii to (1) require the listing of all joint contractors and subcontractors for construction contracts subject to the procurement code where the total estimated contract value is \$3,000,000 or higher, (2) require the listing of subcontractors and joint contractors where the total bid value may be less than \$3,000,000, but only if electrical; plumbing; asbestos; elevator; or boiler, hot-water heating, or steam fitting work is involved, and (3) submit to the legislature a report prior to the regular session of 2020 on the cost effectiveness and any efficiencies realized as a result of the pilot program.

Under current law Hawaii Revised Statutes (HRS) § 103D-302(b) requires bidders to list subcontractors and joint contractors and their scope of work to be employed on all public works projects unless the prime contractor has the required specialty license or will do the work themselves. While the original intent of the subcontractor listing law was to protect against bid-shopping, at times the listing of subcontractors is used as a way in which non-lowest bidders challenge the responsiveness of a bid, resulting sometimes in project delay. A pilot program to report and assess the results could be beneficial in determining whether a revision to the subcontractor listing law should be made.

Thank you for the opportunity to provide testimony.