

Honolulu, Hawaii

FEB 14 , 2020

RE: H.B. No. 2287  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2287 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the cash or protest bond amounts that a party must pay to the Department of Commerce and Consumer Affairs to protest the solicitation or award of a competitive sealed bidding contract or competitive sealed proposal contract estimated at:
  - (A) Less than \$500,000;
  - (B) \$500,000 or more but less than \$1,000,000; and
  - (C) \$1,000,000 or more; and
- (2) Remove the \$10,000 cap on the cash or protest bond amount for contracts valued at \$1,000,000 or more.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services, Department of Transportation, and Department of Budget and Fiscal Services of



the City and County of Honolulu. Your Committee received testimony in opposition to this measure from the Subcontractors Association of Hawaii. Your Committee received comments on this measure from the State Procurement Office.

Your Committee finds that the State Procurement Code was established to increase public confidence and foster broad-based competition, fiscal responsibility, and efficiency in the procurement process. Your Committee also finds that unwarranted and frivolous protests have the potential of resulting in project delays, lapsed funding, and project cost increases. This measure amends the cap on the protest bond amount as it is too low for public works projects that have an estimated value exceeding into the millions of dollars.

Your Committee has concerns regarding the appropriate percentage or dollar amount that should be established for cash or protest bonds.

Your Committee has amended this measure by:

- (1) Deleting the cash or protest bond percentage amounts for contracts valued at less than \$500,000 and contracts valued at \$500,000 or more but less than \$1,000,000, and instead retaining the existing cash or protest bond dollar amounts for these contracts;
- (2) Changing the cash or protest bond percentage amount for contracts valued at \$1,000,000 or more to an unspecified amount;
- (3) Changing its effective date to January 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of 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 H.B. No. 2287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2287, 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



