

STAND. COM. REP. NO.

2574

Honolulu, Hawaii

FEB 13 2020

RE: S.B. No. 2843
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2843 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to change the amounts to be posted for protest bonds related to procurement bids.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services and Department of Transportation. Your Committee received testimony in opposition to this measure from Subcontractors Association of Hawaii. Your Committee received comments on this measure from the State Procurement Office.

Your Committee finds that the originally proposed increases may pose a financial burden to some contractors and that not all states have protest bond requirements. Your Committee received testimonies communicating a need for the protest bond amounts to be high enough to deter non-substantive protests, but also a need to make the amounts more equitable depending on the estimated value of the contract.

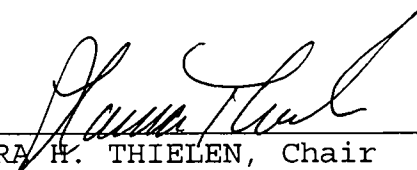
Your Committee has amended this measure by:



- (1) Changing the bond amounts to one-half of one percent for contracts with an estimated value of less than \$500,000; one percent for contracts with an estimated value of \$500,000 up to \$1 million; and two percent for contracts with an estimated value of \$1 million or more;
- (2) Requiring the Department of Accounting and General Services, the Department of Transportation, and the Department of Education to submit an annual report to the Legislature, on the number of protests and outcomes resulting from this measure no later than twenty days prior to the convening of the regular session;
- (3) Defecting the date to January 1, 2050;
- (4) Adding a five-year sunset provision; and
- (5) 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. 2843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2843, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,




LAURA H. THIELEN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2843	GVO, JDC/WAM	1/30/2020		
<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
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)				✓
BAKER, Rosalyn H.	✓			
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt				✓
TOTAL	3			2
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