

STAND. COM. REP. NO.

533

Honolulu, Hawaii

FEB 19 , 2021

RE: H.B. No. 1054
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred
H.B. No. 1054 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to amend the cash or protest
bond amount for a party initiating an administrative proceeding
for review under the Hawaii Public Procurement Code.

Your Committee received testimony in support of this measure
from the Department of Transportation and Airlines Committee of
Hawaii. 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 current cash or protest bond
amount for a party initiating an administrative proceeding for
review under the Hawaii Public Procurement Code is too low for
public works projects. The Hawaii Public Procurement Code was
established to provide fairness to the public, increase public
confidence, and foster broad-based competition, fiscal
responsibility, and efficiency in the procurement process. Your
Committee further finds that unfounded and frivolous protests

2021-1703 HB1054 HD1 HSCR HMSO-1



impact procuring agencies by delaying projects, which may cause funding to lapse and project costs to increase.

Your Committee has amended this measure by:

- (1) Requiring the cash or protest bond amount to be:
 - (A) One percent of the estimated value of the contract if the contract's estimated value is less than \$1,000,000; and
 - (B) Two percent of the estimated value of the contract if the contract's estimated value is \$1,000,000 or more; and
- (2) Changing the effective date to July 1, 2112, to encourage further discussion.

Your Committee agrees with the concerns raised by the Subcontractors Association of Hawaii that the cash or protest bound amounts proposed by this measure, as originally drafted, were too high. The high amounts may be too large a burden to take for a contractor if that contractor finds that something has gone awry with the procurement process. Your Committee has accordingly amended the cash or protest bound amount in light of these concerns and to encourage continued conversation on this amended measure.

As affirmed by the record of votes of the members of your Committee on Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1054, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1054, H.D. 1, and be referred to your Committee on Finance.



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



ANGUS L.K. McKELVEY, Chair



Record of Votes of the Committee on Government Reform

Bill/Resolution No.: HB 1054	Committee Referral: GVR, FIN	Date: 2-12-21		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
GVR Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. WILDBERGER, Tina (VC)	✓			
3. CULLEN, Ty J.K.	✓			
4. ELI, Stacelynn K.M.				✓
5. ICHIYAMA, Linda				✓
6. MIZUNO, John M.	✓			
7. WOODSON, Justin H.	✓			
8. YAMASHITA, Kyle T.	✓			
9. WARD, Gene	✓			
TOTAL (9)	7	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <u><i>T. Winger</i></u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				