

STAND. COM. REP. NO.

253

Honolulu, Hawaii

FEB 12 , 2021

RE: H.B. No. 1325
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. 1325 entitled:

"A BILL FOR AN ACT RELATING TO THE PROCUREMENT CODE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require public contractors to obtain insurance to cover at least half of a project's construction costs to the State to provide funds for curing construction defects discovered within five years after the completion of the contract; and
- (2) Authorize the State to institute an action against the contractor for the total costs of curing those defects.

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

Your Committee finds that this measure places an insurance requirement for public contractors that will cover at least half of a project's costs to the State and provide funds for curing construction defects, which will be advantageous and provide

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protection to the State to cure any construction defects discovered after the completion of the contract.

Your Committee has amended this measure by:

- (1) Requiring public contractors to have insurance for purposes of curing construction defects discovered within ten years, rather than five, after completion of the contract;
- (2) Authorizing the State to institute an action against a contractor for the total costs of curing defects to within ten years after the date of contract completion, rather than five years;
- (3) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (4) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

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. 1325, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1325, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



ANGUS L.K. MCKELVEY, Chair



