

Honolulu, Hawaii

FEB 09 2022

RE: S.B. No. 2681  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2681 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow bidders to clarify or correct immaterial or technical information required as part of a bid submission for up to twenty-four hours after the bid submission deadline; and
- (2) Require that bids for construction be opened no sooner than twenty-four hours after the deadline for the submission of bids.

Your Committee received testimony in support of this measure from the General Contractors Association of Hawaii; Subcontractors Association of Hawaii; Ralph S. Inouye Co., Ltd.; and Electrical Contractor's Association of Hawai'i. Your Committee received testimony in opposition to this measure from the State Procurement Office; Department of Accounting and General Services; City and County of Honolulu's Department of Budget and Fiscal Services; Plumbing & Mechanical Contractors Association of Hawaii; Painting Industry of Hawaii Labor Management Cooperation Trust Fund; Hawaii Tapers Market Recovery Trust Fund; Hawaii Glaziers, Architectural



Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund; and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund. Your Committee received comments on this measure from the Department of Transportation.

Your Committee finds that, according to the State Procurement Office, most protests allege technical issues, often stemming from the subcontractor listing requirement. Inadvertent errors can occur due to the complexity of procurement laws and short time constraints imposed by the law. Your Committee therefore finds that the provision of additional time to allow for the correction of immaterial and technical errors will reduce protests and decrease avoidable delays, while maintaining the integrity of the procurement process.

Your Committee further finds, however, that there may be unintended consequences or misuse of the provision created by this measure, as noted in testimony. Your Committee therefore finds that a two-year sunset on this measure is warranted and will allow for an assessment of the impacts of this measure and any necessary adjustments.

Your Committee has amended this measure by:

- (1) Clarifying that changes to the scope of work and subcontractor lists are prohibited;
- (2) Amending the definition of "immaterial or technical information" to more closely align with pertinent administrative rules;
- (3) Inserting a repeal date of July 1, 2024, to allow for the reassessment of this measure and its impacts; and
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion.

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. 2681, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2681, S.D. 1, and be referred to your Committee on Ways and Means.



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



SHARON MORIAKI, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2681	GVO, WAM	2/1/22		
<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
MORIWAKI, Sharon Y. (C)	X			
DELA CRUZ, Donovan M. (VC)	X			
CHANG, Stanley	X			
GABBARD, Mike	X			
FEVELLA, Kurt		X		
<b>TOTAL</b>	4	1		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes