

DAVID Y. IGE
GOVERNOR



BONNIE KAHAKUI
ACTING ADMINISTRATOR

STATE OF HAWAII
STATE PROCUREMENT OFFICE

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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
GOVERNMENT REFORM
FEBRUARY 9, 2022; 9:30 AM

HOUSE BILL 2066
RELATING TO JOINT CONTRACTOR OR SUBCONTRACTOR LISTING

Chair McKelvey, Vice Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on HB2066. The State Procurement Office's (SPO) comments are a minor clarification to the proposed bill.

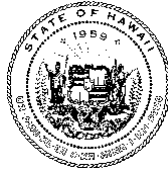
The Contractor License Board, Professional and Vocational Licensing Division, Department of Commerce and Consumer Affairs (DCCA), has brought to SPO's attention that under Chapter 444, Hawaii Revised Statutes (HRS), and Chapter 66-77, Hawaii Administrative Rules (HAR), the term "joint contractor" is not used.

However, there is a type of contracting entity, "joint venture," that may be used and is provided under Section 3-120, HAR, Definitions:

"Bidder" means any individual, partnership, firm, corporation, **joint venture**, or other legal entity submitting, directly or through a duly authorized representative or agent, a bid for the good, service, or construction contemplated.

Thank you.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
GOVERNMENT REFORM

WEDNESDAY, FEBRUARY 9, 2022, 9:30 A.M.
CONFERENCE ROOM 309, STATE CAPITOL

H.B. 2066

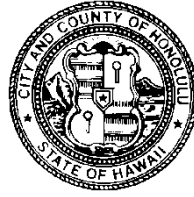
RELATING TO JOINT CONTRACTOR OR SUBCONTRACTOR LISTING

Chair McKelvey, Vice Chair Wildberger, and Members of the Committee, thank you for the opportunity to submit testimony on H.B. 2066. The Department of Accounting and General Services (DAGS) strongly supports this bill which we believe will reduce delays in construction awards due to misinterpretation of the statutory requirement which can force the State to eliminate responsive bids and pay more for construction without any benefit.

Recently, bidders have begun to use the current language as a means to protest bids which failed to list subcontractors who are not required to be licensed under chapter 444, HRS, contrary to long-standing interpretation and practice. These protests cause delays in the construction procurements process and may result in award to the protestor at a higher price. One of the protests was appealed to the circuit court and to the intermediate court of appeals before the parties agreed to dismiss the appeal. It has become abundantly clear that clarification of the requirements of 103D-302(b) is necessary to prevent further confusion as to its meaning.

Thank you for the opportunity to submit testimony on this matter.

RICK BLANGIARDI
MAYOR



ANDREW T. KAWANO
DIRECTOR

CARRIE CASTLE
DEPUTY DIRECTOR

TESTIMONY OF ANDREW T. KAWANO
DIRECTOR OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE COMMITTEE ON GOVERNMENT REFORM
February 9, 2022, 9:30 AM, Conference Room 309 and Videoconference

TO: The Honorable Angus L.K. McKelvey, Chair
and Members of the House Committee on Government Reform

RE: SUPPORT OF HOUSE BILL 2066, RELATING TO JOINT CONTRACTOR OR
SUBCONTRACTOR LISTING

The Department of Budget and Fiscal Services, City and County of Honolulu
(City), **supports** House Bill 2066, Relating to Joint Contractor or Subcontractor Listing.

The procurement process requires clear legislative direction to award contracts
to responsive, responsible bidders and to minimize protests on bids due to the
ambiguous subcontractor listing requirement under section 103D—302(b), Hawaii
Revised Statutes.

The City has one comment, to amend the sentence on Page 2, Line 3:

“Construction bids that do not comply with this requirement may be accepted if
acceptance is in the best interest of the State and the value of the work to be performed
by the licensed joint contractor or subcontractor is equal to or less than one per cent of
the total bid amount.”

For the reasons stated above, the City supports House Bill 2066.

Mahalo for the opportunity to testify on this bill. Should you have any questions
or concerns, please feel free to contact the Department of Budget & Fiscal Services’
Division of Purchasing at 808-768-5535 or bfspurchasing@honolulu.gov.

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 9, 2022

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE TINA WILDBERGER, VICE CHAIR, COMMITTEE ON GOVERNMENT REFORM

SUBJECT: **SUPPORT OF H.B. 2066, RELATING TO JOINT CONTRACTOR OR SUBCONTRACTOR LISTING.** Clarifies the listing of joint contractors and subcontractors required for construction bids under section 103D-302, Hawaii Revised Statutes.

HEARING

DATE: Wednesday, February 9, 2022
TIME: 9:30 a.m.
PLACE: Capitol Room 309

Dear Chair McKelvey, Vice Chair Wildberger, and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA is in **support** of H.B. 2066, which clarifies the listing of joint contractors and subcontractors required for construction bids under section 103D-302, Hawaii Revised Statutes.

This measure will clarify what has been long standing interpretation and practice in procurement.

This will prevent unnecessary delays in construction awards due to misinterpretation of the subcontractor listing requirements.

For these reasons we ask that the Committee pass this measure.

Thank you for this opportunity to testify in support of this measure.

HB-2066

Submitted on: 2/8/2022 10:07:38 AM

Testimony for GVR on 2/9/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Christine Kinimaka	DAGS	Support	Yes

Comments:

I am available for comments to support DAGS's submitted written testimony.