

Honolulu, Hawaii

FEB 29, 2024

RE: H.B. No. 2070
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 2070, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to require cash or protest bonds to be returned to the initiating parties, minus administrative costs as determined by the Office of Administrative Hearings of the Department of Commerce and Consumer Affairs, except in cases where the appeal was frivolous or made in bad faith.

Your Committee received testimony in support of this measure from the General Contractors Association of Hawaii; Hawaii Operating Engineers Industry Stabilization Fund Political Action Committee; Subcontractors Association of Hawaii; Ralph S. Inouye Co. Ltd.; Nordic PCL Construction, Inc.; S & M Sakamoto, Inc.; Koga Engineering & Construction, Inc.; King & Neel, Pacific, Inc.; and Moss.

Your Committee finds that existing law requires a party protesting an agency decision to put up a one percent cash or protest bond without a cap to prevent the filing of frivolous appeals. However, there is no safeguard language in the statute that allows for the return of the bond, minus the administrative



costs associated with hearing the appeal, unless the appeal is found to be frivolous or in bad faith. This measure would include this safeguard language, ensuring a balance that deters frivolous appeals without the unintended consequence of also deterring legitimate appeals on large projects.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2070, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



