

JAN 16 2025

A BILL FOR AN ACT

RELATING TO PROCUREMENT CONTRACTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 103D-313, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§103D-313 Types of contracts.** (a) Subject to the
4 limitations of this section, any type of contract that will
5 promote the State's best interests may be used.

6 (b) Cost-reimbursement and cost-plus-a-percentage-of-cost
7 contracts may be used only when the chief procurement officer
8 determines in writing that such a contract is likely to be less
9 costly than any other type of contract or that it is
10 impracticable to obtain the goods, services, or construction
11 required except by means of such a contract. Cost-reimbursement
12 and cost-plus-a-percentage-of-cost contracts shall not be used
13 if their use would jeopardize the receipt of federal assistance
14 moneys or reduce the amount of such assistance under any
15 applicable federal statute or regulation.



1 (c) In addition to the requirements of subsections (a) and
2 (b), a cost-plus-a-percentage-of-cost contract may not be
3 awarded unless:

4 (1) Notice is given to the head of the compliance audit
5 unit, president of the senate, speaker of the house of
6 representatives, and the chairpersons of the senate
7 ways and means and house finance committees; and

8 (2) Notice is conspicuously posted in an area accessible
9 to the public in the office of the chief procurement
10 officer and available for public inspection during
11 normal business hours.

12 (d) The policy board shall adopt rules to implement this
13 section.

14 (e) All performance incentive contracts shall specify a
15 pricing basis, performance goals, and a formula in calculating
16 the contractor's profit, fee, or price decrease, if the
17 specified performance goals are exceeded or not met. Any moneys
18 remaining in the contract budget upon completion of the project
19 may be divided between the contractor and State in accordance
20 with the ratio specified in the contract; provided that the
21 contractor has met or exceeded all performance goals specified



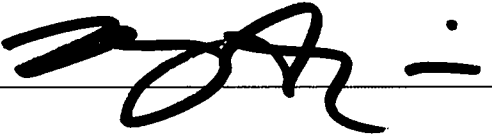
1 in the contract, as determined by the chief procurement
2 officer."

3 SECTION 2. New statutory material is underscored.

4 SECTION 3. This Act shall take effect upon its approval.

5

INTRODUCED BY:

A handwritten signature in black ink, appearing to be 'J. A. ...', is written over a horizontal line.



S.B. NO. 462

Report Title:

Procurement; Contract; Performance Incentive Contracts

Description:

Requires all performance incentive contracts to specify a pricing basis, performance goals, and a formula in calculating the contractor's profit, fees, or price decrease if the specified performance goals are exceeded or not met. Allows moneys remaining in the contract budget after project completion to be divided between the State and contractor if the contractor has met or exceeded all performance goals specified in the contract.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

