

STAND. COM. REP. NO. 1669

Honolulu, Hawaii

APR 03 2025

RE: H.B. No. 1155
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Ways and Means and Government Operations,
to which was referred H.B. No. 1155, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to exempt from the
Hawaii Public Procurement Code construction for which procurement
by competitive means is not practicable or advantageous to the
State.

Your Committees received testimony in support of this measure
from the Department of Transportation, State Procurement Office,
and one individual.

Your Committees received testimony in opposition to this
measure from the Subcontractors Association of Hawaii; Ironworkers
Stabilization Fund; IBEW Local 1260; International Union of
Elevator Constructors, Local 126; Hawaii Building & Construction
Trades Council; IUPAT, District Council 50; General Contractors
Association of Hawaii; IBEW Local Union 1186; Electrical
Contractors Association of Hawaii; Statewide General Contracting &
Construction, Inc; Plumbing & Mechanical Contractors Association
of Hawaii; Sheet Metal Contractors Association/SMACNA Hawaii; and
D. Suehiro Electric, Inc.

HB1155 SD1 SSCR LRB 25-1586.docx



Your Committees find that the construction procurement process for the Department of Transportation can involve the use of a construction manager who provides the Department with preconstruction advice on constructability, pricing, scheduling, staging, and value engineering. However, under section 103D-405(d), Hawaii Revised Statutes, the construction manager is prohibited from also bidding on that construction project, which limits the Department's access to qualified construction managers. Your Committees further find that allowing the construction manager and the Department of Transportation to agree upon a "Guaranteed Maximum Price" for the construction manager to perform the construction while also allowing the department to later solicit bids if the "Guaranteed Maximum Price" proposed by the construction manager is not fair and reasonable will benefit the State by fostering innovation, mitigating risk, improving design quality, improving cost control, and optimizing construction schedules.

Your Committees have amended this measure by:

- (1) Limiting the procurement exemption for construction contracts to an exemption from certain procurement code requirements to allow an outside contractor who prepared specifications and work statements in the development of a solicitation for a Department of Transportation project to bid on and be awarded that contract, subject to certain requirements;
- (2) Defining "project management" and exempting project management from the Hawaii Public Procurement Code;
- (3) Requiring the Department of Transportation to submit a report to the Legislature no later than thirty days after the first year of implementation of the Act; and
- (4) Requiring that the provisions of the Act be repealed on June 30, 2027, and the underlying provisions of the amended laws be reenacted in the form in which they read on the day prior to the effective date of the measure.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Government Operations that are attached to this report, your Committees are in accord with the

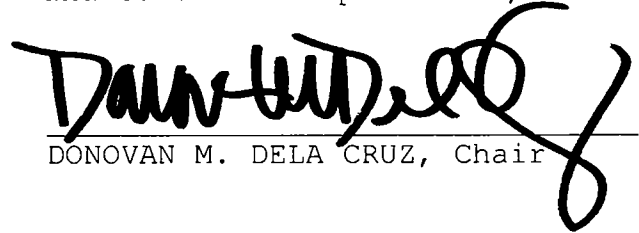


intent and purpose of H.B. No. 1155, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1155, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committees on Ways and Means and Government Operations,



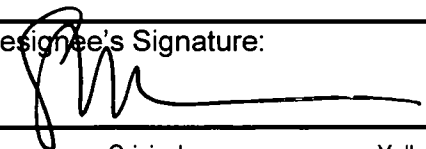
ANGUS L.K. MCKELVEY, Chair



DONOVAN M. DELA CRUZ, Chair

The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1155 HD1	WAM / GVO	3/28/25		
<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
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.		X		
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.		X		
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris				X
WAKAI, Glenn		X		
FEVELLA, Kurt		X		
TOTAL	8	4	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes

