STAND. COM. REP. NO. 1937

Honolulu, Hawaii

APR 1 7 2025

RE: H.C.R. No. 59

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

Sir:

Your Committee on Government Operations, to which was referred H.C.R. No. 59 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES TO STUDY THE FEASIBILITY OF LIMITING THE COSTS OF PROJECT AND CONSTRUCTION MANAGEMENT IN EACH STATE CONSTRUCTION PROJECT TO TEN PERCENT OF THE TOTAL COST OF THE PROJECT,"

begs leave to report as follows:

The purpose and intent of this measure is to request the Department of Accounting and General Services to study the feasibility of limiting the costs of project and construction management in each state construction project to ten percent of the total cost of the project.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services and one individual.

Your Committee finds that the State expends more than \$1 billion annually on capital improvement projects, a large portion of which is allocated to exceptionally high construction costs due to the high price of labor, fuel, and transporting goods to the islands. Your Committee further finds that already high construction costs have been inflated by significant hikes in the costs of project and construction management in recent years. These costs, which traditionally accounted for seven to eleven

percent of a project, have risen to as high as fifteen percent of a project's cost in the last decade. Therefore, this measure will facilitate more efficient use of state funds by requesting the Department of Accounting and General Services to conduct a feasibility study on limiting project and construction management costs to ten percent of the total cost of a state construction project.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 59, and recommends its adoption.

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

ANUS L.K. MCKELVEY, Chair

The Senate Thirty-Third Legislature State of Hawai'i

Record of Votes Committee on Government Operations GVO

Bill / Resolution No.:*	Committee	Referral:	Da	te:	1 0/
HCR59	GVO		4	7-15.	295
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)					
GABBARD, Mike (VC)					
MORIWAKI, Sharon Y.					
SAN BUENAVENTURA, Joy A.		1/			
FEVELLA, Kurt					1/
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TOTAL		[3			2
Recommendation:					
Adopted 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