

STAND. COM. REP. NO. 711

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 1068  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committees on Government Operations and Commerce,  
Consumer Protection, and Health, to which was referred S.B.  
No. 1068 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to authorize  
procurement officers to consider a subcontractor's license as  
valid if the subcontractor was licensed to perform the scope of  
work indicated at the time of the award.

Your Committees received testimony in support of this measure  
from the Subcontractors Association of Hawaii; Electrical  
Contractor's Association of Hawai'i; General Contractors  
Association of Hawaii; S & M Sakamoto, Inc.; Hawaiian Dredging  
Construction Company, Inc.; Healy Tibbitts Builders, Inc.; Nordic  
PCL Construction, Inc.; LYZ, Inc.; Ralph S. Inouye Co, Ltd; Hawaii  
Plumbing Group, LLC; Tomco Corp.; and Jayar Construction, Inc.  
Your Committees received testimony in opposition to this measure  
from the Department of Transportation, Ironworkers Stabilization  
Fund, Plumbing & Mechanical Contractors Association of Hawaii, and  
one individual. Your Committees received comments on this measure  
from the State Procurement Office, Department of Commerce and  
Consumer Affairs, and Contractors License Board.



Your Committees find that the competitive sealed bidding process can be improved by clarifying that under certain conditions a subcontractor's licensing status should not result in bid disqualification or rejection. Your Committees note that this measure still requires all listed subcontractors to be properly licensed at the time of the award. Your Committees further find that exempting bids from disqualification or rejection in limited circumstances may minimize bid challenges, costs, and delays of public works projects while maintaining the integrity of the bid process.

Your Committees have amended this measure by:

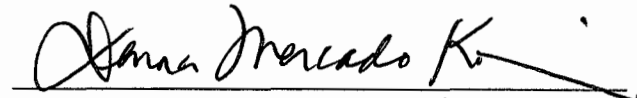
- (1) Removing the provision allowing a procurement officer to consider a listed subcontractor's license as valid if the subcontractor was licensed to perform the scope of work indicated at the time of award;
- (2) Inserting a provision that if a procurement officer determines that a subcontractor's license is not valid at the time of the bid due to a lapse in continuous insurance and bond coverage, the bid may not be disqualified or rejected if the subcontractor meets certain conditions;
- (3) Inserting a requirement that the procurement officer report any unlicensed activity at the time of the bid to the Contractors License Board; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Government Operations and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1068, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1068, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committees on Government  
Operations and Commerce,  
Consumer Protection, and  
Health,

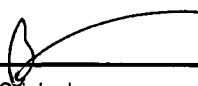
  
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ROSALYN H. BAKER, Chair

  
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DONNA MERCADO KIM, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:* <i>SB 1068</i>	Committee Referral: <i>GVO/CPH</i>	Date: <i>3/1/17</i>		
<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
KIM, Donna Mercado (C)	✓			
RUDERMAN, Russell E. (VC)				✓
GALUTERIA, Brickwood	✓			
RHOADS, Karl				✓
TOKUDA, Jill N.	✓			
<b>TOTAL</b>	<i>3</i>	<i>0</i>	<i>0</i>	<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

