
HOUSE RESOLUTION

REQUESTING A STUDY ON PUBLIC CONTRACTS.

1 WHEREAS, a general principle under the public procurement
2 code is that contracts shall be awarded by process of
3 competitive sealed bidding to the lowest responsible and
4 responsive bidder whose bid meets the requirements and criteria
5 set forth in the invitation for bids; and
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7 WHEREAS, the bidding process is open to all contractors
8 regardless of their principal place of business such that they
9 may be either local contractors or out-of-state contractors; and
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11 WHEREAS, there is concern that local contractors have
12 difficulty competing for awards against out-of-state contractors
13 because the high costs of doing business in Hawaii forces the
14 bids of local contractors to be higher than the bids of out-of-
15 state contractors; and
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17 WHEREAS, significant cost drivers that raise the bid
18 amounts of local contractors may be such things as the cost of
19 workers' compensation premiums, the cost of prepaid health care
20 insurance, unemployment insurance premiums, and general excise
21 tax requirements; and
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23 WHEREAS, the Director of Labor and Industrial Relations
24 also notes on the department's website that in a survey
25 conducted recently by the Pacific Business News, seventy-three
26 per cent of local businesses responded that their number one
27 issue was the soaring costs of workers' compensation (along with
28 rising premiums for prepaid healthcare insurance); now,
29 therefore,
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31 BE IT RESOLVED by the House of Representatives of the
32 Twenty-fourth Legislature of the State of Hawaii, Regular
33 Session of 2007, the Senate concurring, that the Attorney
34 General and the Department of Accounting and General Services is
35 respectfully requested to conduct a study on whether costs
36 incurred due to prepaid healthcare coverage plans, Hawaii

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1 general excise tax requirements, unemployment insurance
2 premiums, workers' compensation premiums, and any other relevant
3 factors negatively impact the competitiveness of in-state
4 contractors in comparison to out-of-state contractors; and
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6 BE IT FURTHER RESOLVED that the Attorney General and the
7 Department of Accounting and General Services is further
8 requested to submit findings and recommendations, including any
9 proposed legislation, to the Legislature not later than twenty
10 days prior to the convening of the Regular Session of 2008; and
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12 BE IT FURTHER RESOLVED that a certified copy of this House
13 Resolution be transmitted to the Attorney General and the
14 Department of Accounting and General Services.
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