

MAR 13 2007

SENATE CONCURRENT 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, a significant cost driver that raises the bid
18 amounts of local contractors may be the cost of workers'
19 compensation premiums; and
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21 WHEREAS, the Director of Labor and Industrial Relations
22 notes on the department's website that a recent national study
23 ranks Hawaii third highest in the entire nation in workers'
24 compensation premiums and that Hawaii's businesses on an average
25 pay \$3.48 for every \$100 they pay in wages; and
26

27 WHEREAS, the Director of Labor and Industrial Relations
28 also notes on the department's website that in a survey
29 conducted recently by the Pacific Business News, seventy-three
30 per cent of local businesses responded that their number one
31 issue was the soaring costs of workers' compensation (along with
32 rising premiums for prepaid healthcare insurance); now,
33 therefore,



