#### THE SENATE TWENTY-FIFTH LEGISLATURE, 2010 STATE OF HAWAII

# **S.B. NO.** $^{2062}_{S.D. 1}$

# A BILL FOR AN ACT

RELATING TO PROCUREMENT.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1	SECTION 1. Chapter 103, Hawaii Revised Statutes, is
2	amended by adding a new section to be appropriately designated
3	and to read as follows:
4	" <u>\$103-</u> Public works construction; preferences. (a) A
5	governmental body, as defined in section 103D-104, that, under
6	this chapter or chapter 103D, enters into a public works
7	contract having an estimated value of not less than \$250,000,
8	shall decrease the bid amount of a bidder by five per cent for
9	each preference under paragraphs (1) to (4) for which the bidder
10 10	meets the criteria specified:
11	(1) A documented history indicating zero incidences of
12	noncompliance by the contractor, subcontractor, or the
13	executive management of the contractor or
14	subcontractor, with applicable federal, state, and
15	local labor, wage, health, safety, and environmental
16	protection laws:

. 1	(2)	A documented history indicating zero incidences of
2		noncompliance by the contractor, subcontractor, or the
3		executive management of the contractor or
4		subcontractor, with government agencies, unions, and
5		other agencies or bodies that perform regular
6		inspections of construction sites and relevant
7		records;
8	(3)	A record of zero outstanding judgments or liens
9		against the contractor, subcontractor, or the
10		executive management of the contractor or
11		subcontractor; and
12	(4)	An audited statement indicating that no project
13	-	revenues derived from government tax revenues will be
14		exported out-of-state through foreign ownership or
15		employees of the contractor or subcontractor.
16	(b)	Should more than one preference allowed by statute
17	apply, th	e evaluated price shall be based on the application of
18	all appli	cable preferences. The sum of the preferences shall be
19	subtracte	d from the original contract price.
20	(c)	The lowest total bid, taking into consideration all
21	applicabl	e preferences in this section and the preference
22	awarded f	or participation in an apprenticeship program under
	2010-1046	SB2062 SD1 SMA.doc

1	Act 17, First Special Session Laws of Hawaii 2009, shall be
2	awarded the contract unless the invitation for bids provides for
3	additional award criteria. The contract amount awarded shall be
4	the amount of the original contract price offered, exclusive of
5	any applied preference.
6	(d) At the time of submission of a competitive sealed bid
7	or a competitive sealed proposal by a bidder, the bidder shall
8 -	furnish written proof of eligibility for each claimed preference
9	and, if awarded the contract, shall continue to certify monthly
10	in writing that the bidder or offeror remains eligible for each
11	claimed preference for the entire duration of the bidder's work
12	on the project. This subsection shall be deemed to be
13	incorporated into a public works contract.
14	(e) A bidder who is awarded a contract shall be subject to
15	the following sanctions if, after commencement of work, the
16	bidder at any time during the construction is no longer eligible
17	for any claimed preference:
18	(1) Temporary or permanent cessation of work on the
19	project, without recourse to breach of contract claims
20	by the bidder; provided that the governmental body
21	that entered into the contract shall be entitled to



1		restitution for nonperformance or liquidated damages,
2		as appropriate; or
3	(2)	Proceedings to debar or suspend under section
4		<u>103D-702.</u>
5	<u>(f)</u>	For purposes of this section, "bidder" means an entity
6	that subm	its a competitive sealed bid under section 103D-302 or
7	submits a	competitive sealed proposal under section 103D-303."
8	SECT	ION 2. The Hawaii Revised Statutes is amended by
9	adding a	new part to chapter 103D to be appropriately designated
10	and to re	ad as follows:
11	"1	PART . RESPONSIBLE CONSTRUCTION CONTRACTOR LAW
12	§103	D-A Applicability. This part shall apply to public
13	works con	tracts under chapter 103 and to procurements for
14	construct	ion under this chapter, if the general contract amount
15	is \$250,0	00 or more, and to any subcontract of \$50,000 or more
16	in connec	tion with any general contract. The requirements of
17	this part	shall be incorporated by reference into every
18	invitatio	n for bids to which this part is applicable.
19	§103	D-B Prerequisites for award of contract. (a) A
20	contracto	r who submits a bid for a contract for construction
21	shall sho	w proof of compliance with subsection (c) to the
22	comptroll	er or county counterpart for contracts under chapter
	2010-1046	SB2062 SD1 SMA.doc

Page 4

103, or to the procurement officer for contracts under this
 chapter, as applicable, as a prerequisite to being awarded a
 construction contract; provided that the requirements of this
 subsection shall be deemed incorporated by reference in any
 contract between the contractor and subcontractor.

6 (b) A subcontractor who subcontracts with a contractor 7 submitting a bid under subsection (a) to perform work under the contract shall show proof of compliance with subsection (c) to 8 the comptroller or county counterpart for contracts under 9 10 chapter 103 or to the procurement officer for contracts under this chapter, as a prerequisite to being awarded a subcontract; 11 12 provided that the contractor shall be primarily responsible for 13 presentation of the show of proof under this subsection; and provided further that the requirements of this subsection shall 14 15 be deemed incorporated by reference in any contract between the 16 contractor and subcontractor.

17 (c) As a prerequisite to the award of any contract under 18 this chapter or chapter 103, a contractor or subcontractor, as 19 applicable, shall:

20 (1) Classify all workers of the contractor or21 subcontractor as employees;



.1	(2)	Adhere to proper job classifications for all laborers
2		and mechanics employed as workers by the contractor or
3		subcontractor;
4	(3)	Comply with the requirements of section 103-55.5 by
5		certifying compliance with the prevailing wage and
6		overtime requirements of section 104-2 and all other
7		applicable federal and state laws relating to workers'
8		compensation, unemployment compensation, payment of
9		wages, and safety;
10	(4)	Provide prepaid health care benefits to all employees
11		in compliance with chapter 393;
12	(5)	Provide reasonable paid sick leave to all employees;
13	(6)	Provide records indicating the history of compliance
14		of the contractor or subcontractor and the contractor
15		or subcontractor's executive management with all
16		applicable federal, state, and local labor, wage,
17		health, safety, and environmental protection laws;
18	(7)	Provide records indicating the contractor or
19		subcontractor's record of compliance with government
20		agencies, unions, and other agencies or bodies that
21		perform regular inspections of construction sites and
22		relevant records;



1	(8)	Provide employees with a fair and neutral process for		
2		resolving work-related issues that does not force the		
3		employee to waive statutory remedies and rights;		
4	(9)	Secure and maintain appropriate licensure for the		
5		contractor and all subcontractors;		
6	(10)	Provide documentation of any past or outstanding		
7		judgments or liens against the contractor or		
8		subcontractor and the contractor or subcontractor's		
9		executive management, along with documentation of		
10		steps taken to satisfy those judgments or liens;		
11	(11)	Provide documentation of financial stability necessary		
12		for a determination under section 103D-310(b) that the		
13		contractor or subcontractor has the financial ability,		
14		resources, skills, capability, and business integrity		
15		necessary to perform the contracted work;		
16	(12)	Provide documentation of the contractor or		
17		subcontractor's ability to provide security as		
18		required under sections 103D-323 and 103D-324;		
19	(13)	Provide an audited statement of the percentage of		
20		total project revenues derived from government tax		
21		revenues that will be exported out-of-state through		



Page 8

1		foreign ownership or employees of the contractor or
2		subcontractor; and
3	(14)	Provide references from all government agencies for
4		which the contractor or subcontractor has previously
5		performed work.
6	§103	D-C Compliance duration; compliance officer. Each
7	contracto	r and subcontractor shall:
8	(1)	Comply with section 103D-B for the entire duration of
9		the contract of construction;
10	(2)	Certify compliance with section 103D-B, under oath, by
11		an officer of the contractor or subcontractor,
12		respectively, to the comptroller, county counterpart,
13		or procurement officer, as applicable, on a monthly
14		basis;
15	(3)	Maintain compliance with all applicable local, state,
16	н н н	and federal laws relating to labor, wages, health,
17		safety, and environmental protection; and
18	(4)	Take reasonable steps toward satisfying any
19		outstanding judgments or liens against the contractor,
20		subcontractor, and the contractor or subcontractor's
21		executive management.

. 1	§103	D-D Failure to comply; sanctions. A contractor who
2	submits a	bid under section 103D-B(a) or a subcontractor who
3	agrees to	subcontract under a contract referenced in section
4	103D-B(a)	and who fails to comply with section 103D-B, shall be
5	subject t	o sanctions, which shall include any or all of the
6	following	, at the discretion of the comptroller, county
7	counterpa	rt, or procurement officer, as applicable:
8	(1)	Temporary suspension of work on the project until the
9		contractor or subcontractor complies with section
10		103D-B;
11	(2)	Withholding of payment on the contract or subcontract,
12		as applicable, until the contractor or subcontractor
13		complies with section 103D-B;
14	(3)	Permanent disqualification of the contractor or
15		subcontractor from any further work on the project;
16	(4)	Recovery by the State or county, as applicable, of any
17		moneys expended on the contract or subcontract, as
18		applicable; and
19	(5)	Proceedings for debarment or suspension of the
20		contractor or subcontractor under section 103D-702."
21	SECT	ION 3. Section 103D-102, Hawaii Revised Statutes, is
22	amended b	y amending subsection (b) to read as follows:
	2010-1046	SB2062 SD1 SMA.doc

1		"(b)	Not	withstanding subsection (a), this chapter shall
2	not	apply	to c	ontracts by governmental bodies:
3		(1)	Soli	cited or entered into before July 1, 1994, unless
4			the p	parties agree to its application to a contract
5			soli	cited or entered into prior to July 1, 1994;
6		(2)	To d	isburse funds, irrespective of their source:
7			(A)	For grants or subsidies as those terms are
8				defined in section 42F-101, made by the State in
9				accordance with standards provided by law as
10				required by article VII, section 4, of the State
11				Constitution; or by the counties pursuant to
12		· ·		their respective charters or ordinances;
13			(B)	To make payments to or on behalf of public
14				officers and employees for salaries, fringe
15				benefits, professional fees, or reimbursements;
16			(C)	To satisfy obligations that the State is required
17	•			to pay by law, including paying fees, permanent
18				settlements, subsidies, or other claims, making
19				refunds, and returning funds held by the State as
20				trustee, custodian, or bailee;
21			(D)	For entitlement programs, including public

assistance, unemployment, and workers'

22

### S.B. NO. <sup>2062</sup> S.D. 1

11

	and the second second		
1			compensation programs, established by state or
2			federal law;
3		(E)	For dues and fees of organizations of which the
4			State or its officers and employees are members,
5			including the National Association of Governors,
6			the National Association of State and County
7			Governments, and the Multi-State Tax Commission;
8		(F)	For deposit, investment, or safekeeping,
9			including expenses related to their deposit,
10			investment, or safekeeping;
11		(G)	To governmental bodies of the State;
12		(H)	As loans, under loan programs administered by a
13			governmental body; and
14		(I)	For contracts awarded in accordance with chapter
15			103F;
16	(3)	Тор	rocure goods, services, or construction from a
17		gove	rnmental body other than the University of Hawaii
18		book	stores, from the federal government, or from
19		anot	her state or its political subdivision;
20	(4)	То р	rocure the following goods or services which are
21		avai	lable from multiple sources but for which

#### S.B. NO. <sup>2062</sup> S.D. 1

12

1		proc	curement by competitive means is either not
2		prac	ticable or not advantageous to the State:
3		(A)	Services of expert witnesses for potential and
4			actual litigation of legal matters involving the
5		·	State, its agencies, and its officers and
6			employees, including administrative quasi-
7			judicial proceedings;
8		(B)	Works of art for museum or public display;
9		(C)	Research and reference materials including books,
10			maps, periodicals, and pamphlets, which are
11			published in print, video, audio, magnetic, or
12	<i>.</i>		electronic form;
13		(D)	Meats and foodstuffs for the Kalaupapa
14			settlement;
15		(E)	Opponents for athletic contests;
16		(F)	Utility services whose rates or prices are fixed
17			by regulatory processes or agencies;
18		(G)	Performances, including entertainment, speeches,
19			and cultural and artistic presentations;
20		(H)	Goods [and services] for commercial resale by the
21			State;

# **S.B. NO.** $^{2062}_{S.D. 1}$

. 1		(I)	Services of printers, rating agencies, support
2			facilities, fiscal and paying agents, and
3			registrars for the issuance and sale of the
4			State's or counties' bonds;
5		(J)	Services of attorneys employed or retained to
6			advise, represent, or provide any other legal
7			service to the State or any of its agencies, on
8			matters arising under laws of another state or
9			foreign country, or in an action brought in
10			another state, federal, or foreign jurisdiction,
11			when substantially all legal services are
12			expected to be performed outside this State;
13		(K)	Financing agreements under chapter 37D; and
14		(L)	Any other goods or services which the policy
15			board determines by rules or the chief
16			procurement officer determines in writing [ <del>is</del> ]
17			are available from multiple sources but for which
18			procurement by competitive means is either not
19			practicable or not advantageous to the State;
20	(5)	Whic	h are specific procurements expressly exempt from
21		any	or all of the requirements of this chapter by:



### S.B. NO. <sup>2062</sup> S.D. 1

1		(A) References in state or federal law to provisions
2		of this chapter or a section of this chapter, or
3		references to a particular requirement of this
4		chapter; and
5		(B) Trade agreements, including the Uruguay Round
6		General Agreement on Tariffs and Trade (GATT)
7		which require certain non-construction and non-
8		software development procurements by the
9		comptroller to be conducted in accordance with
10		its terms; and
11	(6)	With a bidder or offeror who is a United States
12		General Services Administration-approved sole source
13		vendor, who shall be exempt from complying with
14		section 103D-302, 103D-303, or 103D-304, as
15		applicable, in any procurement funded by state and
16		federal matching funds, if the bidder or offeror was
17		responsible for obtaining and was the recipient of the
18		federal funds."
19	SECT	ION 4. Section 103D-103, Hawaii Revised Statutes, is
20	amended to	o read as follows:
21	"[+]:	<pre>\$103D-103[] Retention of written determinations.</pre>
22	Written de	eterminations required by this chapter shall be

# **S.B. NO.** $^{2062}_{S.D. 1}$

15

1	retained in the appropriate official files of the chief
2	procurement officer or in the case of delegated authority, in
3	the files of [that purchasing agency.] the procurement officer."
4	SECTION 5. Section 103D-104, Hawaii Revised Statutes, is
5	amended as follows:
6	1. By adding two new definitions to be appropriately
7	inserted and to read:
8	""Executive management" means any person who is an owner,
9	general partner, limited partner, or officer of a contractor or
10	subcontractor.
11	"Subcontractor" means any person who enters into an
12	agreement with the contractor to perform a portion of the work
13	for the contractor."
14	2. By amending the definitions of "contractor" and
15	"procurement officer" to read:
16	""Contractor" means any [person having] individual,
17	partnership, firm, corporation, joint venture, or other legal
18	entity who is or seeks to be a party to a contract with a
19	governmental body $[-]$ to undertake the execution of the work
20	under the terms of the contract with the State, and acting
21	directly or through the contractor's agents or employees.



# **S.B. NO.** $^{2062}_{S.D. 1}$

1 "Procurement officer" means [any] a person [authorized] 2 delegated in writing the authority to enter into and administer 3 contracts and make written determinations with respect thereto. 4 The term also includes an authorized representative acting within the limits of authority." 5 By deleting the definition of "purchasing agency". 6 3. 7 [""Purchasing agency" means any governmental body which is 8 authorized by this chapter or its implementing rules and procedures, or by way of delegation, to enter into contracts for 9 10 the procurement of goods, services, or construction."] SECTION 6. Section 103D-110, Hawaii Revised Statutes, is 11 12 amended by amending subsections (c), (d), and (e) to read as 13 follows: 14 Each [state] procurement officer of a department of "(C) 15 the executive branch shall attend a mandatory fundamental 16 training and development session within sixty days of being appointed or named to the position of procurement officer. 17 Each [state] procurement officer of a department of 18 (d) 19 the executive branch whom the state procurement office 20 determines is in need of further training and development based 21 upon:



The history of procurement compliance to this chapter 1 (1)2 by the agency to which the particular procurement 3 officer is attached; or Any other need for training and development, 4 (2) shall attend follow-up training and development sessions. 5 6 (e) Attendance by [state] procurement officers at the 7 follow-up training and development sessions, other than as required under subsection (d), and by county procurement 8 9 [officials] officers at the fundamental and follow-up training and development sessions is optional, though encouraged." 10 11 SECTION 7. Section 103D-207, Hawaii Revised Statutes, is 12 amended to read as follows: "[+]\$103D-207[+] Centralization of procurement authority. 13 Except as otherwise provided in [sections] section 103D-208, 14 15 [103D-209, and 103D-210,] all rights, powers, duties, and authority relating to the procurement of goods, services, and 16 construction, and the management, control, warehousing, sale, 17 18 and disposal of goods, services, and construction now vested in, 19 or exercised by, the governmental bodies of the State and counties are hereby transferred to the respective chief 20 procurement officers." 21



1	SECTION 8. Section 103D-301, Hawaii Revised Statutes, is
2	amended to read as follows:
3	"[{]§103D-301[]] Methods of source selection. [Unless
4	otherwise authorized by law, all contracts shall be awarded by
5	competitive sealed bidding pursuant to section 103D-302, except]
6	Contracts shall be awarded as provided in:
7	(1) Section 103D-302 (Competitive sealed bidding);
8	[ <del>(1)</del> ] <u>(2)</u> Section 103D-303 (Competitive sealed proposals);
9	[ <del>(2)</del> ] <u>(3)</u> Section 103D-304 ([ <del>Professional</del> ] Procurement of
10	<pre>professional services [procurement]);</pre>
11	[ <del>(3)</del> ] <u>(4)</u> Section 103D-305 (Small purchases; prohibition
12	against parceling);
13	$\left[\frac{(4)}{(5)}\right]$ Section 103D-306 (Sole source procurement); and
14	[ <del>(5)</del> ] <u>(6)</u> Section 103D-307 (Emergency procurements)."
15	SECTION 9. Section 103D-302, Hawaii Revised Statutes, is
16	amended to read as follows:
17	" <b>\$103D-302 Competitive sealed bidding.</b> (a) [Contracts
18	shall be awarded by competitive sealed bidding except as
19	otherwise provided in section 103D-301.] Awards [of contracts
20	by competitive sealed bidding] may be made after single or
21	multi-step bidding. Competitive sealed bidding does not include
22	negotiations with bidders after the receipt and opening of bids.
	2010-1046 SB2062 SD1 SMA.doc

Award is based on the criteria set forth in the invitation for
 bids.

An invitation for bids shall be issued [-] and shall 3 (b) include a purchase description and all contractual terms and 4 conditions applicable to the procurement. If the invitation for 5 bids is for construction, it shall specify that all bids include 6 the name of each person or firm to be engaged by the bidder as a 7 8 joint contractor or subcontractor in the performance of the contract and the nature and scope of the work to be performed by 9 each. Construction bids that do not comply with this 10 requirement may be accepted if acceptance is in the best 11 12 interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less 13 14 than one per cent of the total bid amount.

15 (c) Adequate public notice of the invitation for bids
16 shall be given a reasonable time before the <u>due</u> date set forth
17 in the invitation for [the opening of] bids. The policy board
18 shall adopt rules which specify:

19 (1) The form that the notice is to take;

20 (2) [What constitutes a reasonable interim] The minimum
 21 period between [publication] notice and bid [opening]
 22 due date; and



## S.B. NO. <sup>2062</sup> S.D. 1

20

1	(3)	How notice may be [published,] provided, including
2		publication in a newspaper of general circulation,
3		notice by mail to all persons on any applicable
4		bidders mailing list, [ <del>publication</del> ] <u>notice</u> by any
5		public or private telecommunication information
6		network, or any other method of [publication] notice
7		it deems to be effective.
8	(d)	[Bids] Except for invitation for bids conducted on an
9	electronic	c procurement system, bids shall be opened publicly in
10	the presen	nce of one or more witnesses, at the time and place
11	designated	d in the invitation for bids. The amount of each bid
12	and other	relevant information specified by rule, together with
13	the name of	of each bidder shall be recorded[. The record and each
14	bid], sha	ll be open to public inspection $[-]$ , and shall be
15	subject to	o written public comment submitted to the chief
16	procuremen	nt officer. Bid results for procurements conducted on
17	an electro	onic procurement system shall be available on the
18	system.	
19	(e)	When a written public comment presents a credible
20	allegatior	n of a fact that, if true, would render the bid
21	nonrespons	sive or ineligible under sections 103D-A through
22	103D-C, tł	ne chief procurement officer shall audit the books and
		SB2062 SD1 SMA.doc

1 records of the bidder that submitted the bid for the purpose of 2 determining the truth or falsity of that allegation. If, after 3 reasonable notice to the bidder and reasonable opportunity to be 4 heard, the chief procurement officer, after consultation with the using agency and the attorney general or corporation 5 6 counsel, as applicable, finds that the bid is nonresponsive or 7 ineligible under sections 103D-A through 103D-C, the bidder 8 shall be subject to penalties under section 103D-106 and section 9 103D-D. 10  $\left[\frac{1}{2}\right]$  (f) Bids shall be unconditionally accepted without 11 alteration or correction, except as authorized in this chapter 12 or by rules adopted by the policy board. 13  $\left[\frac{f}{f}\right]$  (g) Bids shall be evaluated based on the 14 requirements set forth in the invitation for bids. These 15 requirements may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and 16 suitability for a particular purpose. Those criteria that will 17 18 affect the bid price and be considered in evaluation for award 19 shall be stated in the invitation for bid and be objectively 20 measurable, such as discounts, transportation costs, and total 21 or life cycle costs. The invitation for bids shall [set forth 22 the evaluation criteria to be used.] incorporate by reference 2010-1046 SB2062 SD1 SMA.doc 21 

Page 21

1 the requirements of sections 103D-A through 103D-C. No criteria
2 [may] that are not set forth in the invitation for bids shall be
3 used in bid evaluation [that are not set forth in the invitation
4 for bids].

[<del>(g)</del>] (h) Correction or withdrawal of inadvertently 5 erroneous bids before or after award, or cancellation of 6 invitations for bids, awards, or contracts based on such bid 7 mistakes, shall be permitted in accordance with rules adopted by 8 the policy board. After bid [opening] due date, no changes in 9 bid prices or other provisions of bids prejudicial to the 10 11 interest of the public or to fair competition shall be permitted. Except as otherwise provided by rule, all decisions 12 to permit the correction or withdrawal of bids, or to cancel 13 awards or contracts based on bid mistakes, shall be supported by 14 a written determination made by the chief procurement officer or 15 [head of a purchasing agency.] procurement officer. 16 [<del>(h)</del>] (i) The contract shall be awarded with reasonable 17 18 promptness by written notice to the lowest responsible and responsive bidder whose bid meets the requirements and criteria 19 set forth in the invitation for bids. In the event that all 20 bids exceed available funds as certified by the appropriate 21 fiscal officer, the head of the purchasing agency responsible 22 2010-1046 SB2062 SD1 SMA.doc 22 

#### S.B. NO. <sup>2062</sup> S.D. 1

1 for the procurement in question is authorized, in situations
2 where time or economic considerations preclude resolicitation of
3 work of a reduced scope, to negotiate an adjustment of the bid
4 price, including changes in the bid requirements, with the low
5 responsible and responsive bidder[7] in order to bring the bid
6 within the amount of available funds.

[(i)] (j) When it is not practicable to initially prepare 7 a purchase description to support an award based on price, an 8 invitation for bids[, which] may be used that requests the 9 submission of unpriced offers to be followed by an invitation 10 for bids limited to those bidders whose offers have been 11 12 qualified under the criteria set forth in the first 13 solicitation[, may be used]. If a multi-step sealed bidding process is used, the notice and the invitation for bids shall 14 describe each step to be used in soliciting, evaluating, and 15 16 selecting unpriced offers."

17 SECTION 10. Section 103D-303, Hawaii Revised Statutes, is18 amended to read as follows:

"\$103D-303 Competitive sealed proposals. (a) Competitive
 sealed proposals may be utilized to procure goods, services, or
 construction [designated in rules adopted by the procurement
 policy board as goods, services, or construction which] that are
 2010-1046 SB2062 SD1 SMA.doc

#### S.B. NO. <sup>2062</sup> S.D. 1

[either] not practicable or not advantageous to the State to 1 procure by competitive sealed bidding. [Competitive sealed 2 proposals may also be utilized when the head of a purchasing 3 agency determines in writing that the use of competitive sealed 4 bidding is either not practicable or not advantageous to the 5 6 State.] 7 (b) Proposals shall be solicited through a request for 8 proposals. 9 Notice of the request for proposals shall be given in (C) the same manner as provided in section 103D-302(c). 10 Proposals shall be opened so as to avoid disclosure of 11 (d) contents to competing offerors during the evaluation process [of 12 negotiation]. A register of proposals shall be prepared [in 13 accordance with rules adopted by the policy board and shall], be 14 open for public inspection after contract award [-], and be 15 subject to written public comment submitted to the chief 16 17 procurement officer. (e) When a written public comment presents a credible 18 allegation of a fact that, if true, would render the proposal 19 nonresponsive or ineligible under sections 103D-A through 20 103D-C, the chief procurement officer shall audit the books and 21 22 records of the offeror that submitted the proposal for the 2010-1046 SB2062 SD1 SMA.doc 

25

1	purpose of determining the truth or falsity of that allegation.
2	If, after reasonable notice to the offeror and reasonable
3	opportunity to be heard, the chief procurement officer, after
4	consultation with the using agency and the attorney general or
5	corporation counsel, as applicable, finds that the proposal is
6	nonresponsive or ineligible under sections 103D-A through
7	103D-C, the offeror shall be subject to penalties under section
8	103D-106 and section 103D-D.
9	[-(e)] (f) The request for proposals shall state the
10	relative importance of price and other evaluation factors[-] and
11	shall incorporate by reference the requirements of sections
12	103D-A through 103D-C.
13	[ <del>(f)</del> ] <u>(g)</u> Discussions may be conducted with responsible
14	offerors who submit proposals determined to be reasonably
15	susceptible of being selected for award for the purpose of
16	clarification to assure full understanding of[ $_{ au}$ ] and
17	responsiveness to[ $_{ au}$ ] the solicitation requirements. Offerors
18	shall be accorded fair and equal treatment with respect to any
19	opportunity for discussion and revision of proposals, and
20	revisions may be permitted after submissions and prior to award
21	for the purpose of obtaining best and final offers. In
22	conducting discussions, there shall be no disclosure of any
	2010-1046 SB2062 SD1 SMA.doc

information derived from proposals submitted by competing
 offerors.

3 [(g)] (h) Award shall be made to the responsible offeror
4 whose proposal is determined in writing to be the most
5 advantageous, taking into consideration price and the evaluation
6 factors set forth in the request for proposals. No other
7 factors or criteria shall be used in the evaluation. The
8 contract file shall contain the basis on which the award is
9 made.

10 [(h)] (i) In cases of awards made under this section, nonselected offerors may submit a written request for debriefing 11 to the [chief] procurement officer [or designee] within three 12 working days after the posting of the award of the contract. 13 14 Thereafter, the [head of the purchasing agency] procurement 15 officer shall provide the [requester] nonselected offeror a prompt debriefing [in accordance with rules adopted by the 16 policy board]. Any protest by the [requester] nonselected 17 offeror pursuant to section 103D-701 following debriefing shall 18 be filed in writing with the [chief] procurement officer [or 19 designee] within five working days after the date that the 20 debriefing is completed." 21

#### S.B. NO. <sup>2062</sup> S.D. 1

SECTION 11. Section 103D-303.5, Hawaii Revised Statutes, 1 2 is amended to read as follows: "[+]\$103D-303.5[+] Pre-bid conference. [<del>(a) At</del>] For a 3 construction or design-build project, at least fifteen days 4 prior to submission of bids pursuant to section 103D-302 [for a 5 construction or design-build project with a total estimated 6 contract value of \$500,000 or more, and at least fifteen days] 7 8 and prior to submission of proposals pursuant to section 103D-9 303 [for a construction or design-build project with a total estimated contract value of \$100,000 or more, the head of the 10 purchasing agency shall hold] the procurement officer may 11 12 conduct a pre-bid conference [and shall invite] for all potential interested bidders, offerors, subcontractors, and 13 14 union representatives to attend. [(b) The procurement policy board shall adopt rules under 15 16 chapter 91 to effectuate this section.]" SECTION 12. Section 103D-305, Hawaii Revised Statutes, is 17 amended by amending subsections (b) and (c) to read as follows: 18 "(b) Procurements of greater than \$50,000 for construction 19 under subsection (a) shall require security by a performance 20 bond delivered to the [purchasing agency] procurement officer 21 22 that is: 2010-1046 SB2062 SD1 SMA.doc

1	(1)	In a form prescribed by the rules of the policy board;
2	(2)	Executed by a surety company authorized to do business
3		in this State; and
4	(3)	In an amount equal to one hundred per cent of the
5		price specified in the contract,
6		or shall otherwise be secured by a performance bond in
7		a manner satisfactory to the [purchasing agency.]
8		procurement officer.
9	(C)	Procurements of \$25,000 to less than \$100,000 shall be
10	made in a	ccordance with small purchase procedures; provided that
11	small pur	chase procurements through an electronic system shall
12	be requir	ed [after the policy board has adopted rules for
13	electroni	c procurement and provided training to the affected
14	agency]."	
15	SECT	ION 13. Section 103D-312, Hawaii Revised Statutes, is
16	amended b	y amending subsections (a) and (b) to read as follows:
17	"(a)	[A-contractor, except as provided in subsection (c),
18	<del>shall sub</del>	mit cost or pricing data and shall certify that, to the
19	<del>best of t</del>	he contractor's knowledge and belief, the cost or
20	pricing d	ata submitted is accurate, complete, and current as of
21	<del>a mutuall</del>	y determined specified date prior to the date of:

2010-1046 SB2062 SD1 SMA.doc

1	(1) The pricing of any contract awarded by competitive
2	sealed proposals or pursuant to the sole source
3	procurement authority, where the total contract amount
4	is expected to exceed an amount established by rules
5	adopted by the policy board; or
6	(2) The pricing of any change order or contract
7	modification that is expected to exceed an amount
8	established by rules adopted by the policy board.]
9	The procurement officer may request data or factual information
10	reasonably available to the offeror to substantiate that the
11	price offered is reasonable. Submission of data is limited to
12	that normally kept by the offeror and shall not require
13	extensive effort to gather data not reasonably available.
14	(b) Any contract, change order, or contract modification
15	[under which a certificate is required] shall contain a
16	provision that the price to the State, including profit or fee,
17	shall be adjusted to exclude any significant sums by which the
18	State finds that the price was increased because the contractor
19	furnished cost or pricing data that was inaccurate, incomplete,
20	or not current as of the date agreed upon between the parties."
21	SECTION 14. Section 103D-313, Hawaii Revised Statutes, is
22	amended to read as follows:
	2010-1046 SB2062 SD1 SMA.doc

1	"[ <b>{]§103D-313[<del>]</del>] Types of contracts.</b> (a) Subject to the
2	limitations of this section, any type of contract that will
3	promote the State's best interests may be used.
4	(b) Cost-reimbursement and cost-plus-a-percentage-of-cost
5	contracts may be used only when the chief procurement officer
6	determines in writing that such a contract is likely to be less
7	costly than any other type of contract or that it is
8	impracticable to obtain the goods, services, or construction
9	required except by means of such a contract. Cost-reimbursement
10	and cost-plus-a-percentage-of-cost contracts shall not be used
11	if their use would jeopardize the receipt of federal assistance
12	moneys or reduce the amount of such assistance under any
13	applicable federal statute or regulation.
14	[ <del>(c) In addition to the requirements of subsections (a)</del>
15	and (b), a cost-plus-a-percentage-of-cost contract may not be
16	awarded unless:
17	(1) Notice is given to the head of the compliance audit
18	unit, president of the senate, speaker of the house of
19	representatives, and the chairpersons of the senate
20	ways and means and house finance committees; and
21	(2) Notice is conspicuously posted in an area accessible
22	to the public in the office of the chief procurement
	2010-1046 SB2062 SD1 SMA.doc



1	officer and available for public inspection during
2	normal business hours.
3	(d) The policy board shall adopt rules to implement this
4	section.]"
5	SECTION 15. Section 103D-314, Hawaii Revised Statutes, is
6	amended to read as follows:
7	"[ <b>+]</b> §103D-314[ <b>+</b> ] Approval of accounting system. Except
8	with respect to firm fixed-price contracts, no contract shall be
9	used unless it has been determined in writing by the chief
10	procurement officer, [the head of a purchasing agency]
11	procurement officer, or a designee of either officer that:
12	(1) The proposed contractor's accounting system will
13	permit timely development of all necessary cost data
14	in the form required by the specific contract type
15	contemplated; and
16	(2) The proposed contractor's accounting system is
17	adequate to allocate costs in accordance with
18	generally accepted accounting principles."
19	SECTION 16. Section 103D-316, Hawaii Revised Statutes, is
20	amended to read as follows:
21	"[ <b>{]\$103D-316[<del>]</del>] Right to inspect plant. The [<del>State,</del>]</b>
22	procurement officer, at reasonable times, may inspect the part
	2010-1046 SB2062 SD1 SMA.doc

# **S.B. NO.** <sup>2062</sup> S.D. 1

of the plant or place of business of a contractor or any 1 2. subcontractor that is related to the performance of a contract 3 awarded or to be awarded by the State." SECTION 17. Section 103D-317, Hawaii Revised Statutes, is 4 amended to read as follows: 5 6 "[+]\$103D-317[+] Right to audit records. (a) The 7 [purchasing agency,] procurement officer, at reasonable times 8 and places, may audit the books and records of any person who 9 has submitted cost or pricing data pursuant to section 103D-312 to the extent that such books and records relate to such cost or 10 11 pricing data. Any person who receives a contract, change order, 12 or contract modification for which cost or pricing data is 13 required, shall maintain such books and records that relate to 14 such cost or pricing data for three years from the date of final 15 payment under the contract, unless another period is otherwise 16 authorized in writing. 17 (b) The [purchasing agency] procurement officer shall be 18 entitled to audit the books and records of a contractor or any subcontractor under any negotiated contract or subcontract other 19 20 than a fixed-price contract to the extent that such books and 21 records relate to the performance of such contract or 22 The books and records shall be maintained by the subcontract. 2010-1046 SB2062 SD1 SMA.doc 32 

# S.B. NO. <sup>2062</sup> S.D. 1

contractor for a period of three years from the date of final 1 2 payment under the prime contract and by the subcontractor for a period of three years from the date of final payment under the 3 subcontract, unless another period is otherwise authorized in 4 5 writing." SECTION 18. Section 103D-320, Hawaii Revised Statutes, is 6 amended to read as follows: 7 "[+]§103D-320[+] Retention of procurement records. All 8 procurement records shall be retained and disposed of in 9 accordance with chapter 94 and records retention guidelines and 10 schedules approved by the comptroller [-] or similar authority of 11 procuring governmental bodies not subject to the record 12 retention jurisdiction of the comptroller." 13 SECTION 19. Section 103D-323, Hawaii Revised Statutes, is 14 amended by amending subsection (a) to read as follows: 15 Unless the policy board determines otherwise by 16 "(a) 17 rules, bid security shall be required [only] for construction contracts to be awarded pursuant to sections 103D-302 and 103D-18 303 and when the price of the contract is estimated [by the 19 20 procurement officer] to exceed [\$25,000] \$50,000 or, if the contract is for goods or services, the [purchasing agency 21 22 secures the approval of the chief] procurement officer[-] 2010-1046 SB2062 SD1 SMA.doc 

includes a requirement for bid security in the solicitation. 1 Bid security shall be a bond provided by a surety company 2 authorized to do business in the State, or the equivalent in 3 4 cash, or [otherwise supplied] in a form [specified in rules.] pursuant to section 103D-325." 5 SECTION 20. Section 103D-324, Hawaii Revised Statutes, is 6 7 amended by amending subsection (a) to read as follows: 8 "(a) Unless the policy board determines otherwise by rules, the following bonds or security shall be delivered to the 9 [purchasing\_agency] procurement officer and shall become binding 10 on the parties upon [the] execution of the contract if the 11 contract which is awarded exceeds [\$25,000] \$50,000 and is for 12 construction, or if the [purchasing agency secures the approval 13 of the chief] procurement officer[+] includes a requirement for 14 such bonds or security in the solicitation: 15 16 (1) A performance bond in a form [prescribed by the rules of the policy board, ] pursuant to section 103D-325, 17 executed by a surety company authorized to do business 18 in this State or otherwise secured in a manner 19 satisfactory to the [purchasing agency,] procurement 20 officer, in an amount equal to one hundred per cent of 21 the price specified in the contract; 22 2010-1046 SB2062 SD1 SMA.doc.

Page 34

1	(2)	A payment bond in a form [ <del>prescribed by the rules of</del>
2		the policy board, ] pursuant to section 103D-325,
3		executed by a surety company authorized to do business
4		in this State or otherwise secured in a manner
5		satisfactory to the [purchasing agency,] procurement
6		officer, for the protection of all persons supplying
7		labor and material to the contractor for the
8		performance of the work provided for in the contract.
9		The bond shall be in an amount equal to one hundred
10		per cent of the price specified in the contract; or
11	(3)	A performance and payment bond which satisfies all of
12		the requirements of paragraphs (1) and (2)."
13	SECT	ION 21. Section 103D-406, Hawaii Revised Statutes, is
14	amended to	o read as follows:
15	"[+]:	<pre>§103D-406[] Specifications prepared by [architects</pre>
16	and engine	eers.] persons other than governmental personnel. The
17	requirement	nts of this part regarding the purposes and
18	nonrestri	ctiveness of specifications shall apply to all
19	specifica	tions, including, but not limited to, those prepared by
20	[architec	ts, engineers, designers, and drafting] professionals,
21	consultant	ts, and any other individual for public contracts."

2010-1046 SB2062 SD1 SMA.doc

#### S.B. NO. <sup>2062</sup> S.D. 1

1 SECTION 22. Section 103D-410, Hawaii Revised Statutes, is 2 amended by amending subsections (b) and (c) to read as follows: 3 "(b) In implementing life-cycle costing, the [purchasing agency] procurement officer shall be guided by energy efficiency 4 5 standards and policies for purchasing various items developed 6 and promulgated by the United States Department of Energy and 7 other federal agencies, and nationally recognized trade 8 associations, including, but not limited to, the National 9 Association of State Purchasing Officials, the National 10 Institute of Governmental Purchasing, Inc., the National 11 Association of Purchasing Management, and the Air Conditioning and Refrigeration Institute. The [purchasing agency] 12 13 procurement officer shall notify bidders of information, 14 procedures, and forms required in implementing energy efficiency 15 standards and policies. The information required shall include 16 purchasing standards and policies developed by federal agencies 17 and by nationally recognized agencies and associations, as well as energy consumption and life-cycle cost data. 18 19 (C) The [purchasing agency] procurement officer shall 20 consider purchasing via the life-cycle costing method those classes of items for which nationally recognized energy 21 efficiency data have been developed. These items shall include, 22 2010-1046 SB2062 SD1 SMA.doc
### S.B. NO. <sup>2062</sup> S.D. 1

1	but not be limited to, automobiles and air conditioning systems.		
2	The watt-saving variety of common-sized fluorescent lamps shall		
3	be purchased except where standard wattage of those lamps is		
<b>4</b>	specifically required by the using agency."		
5	SECTION 23. Section 103D-701, Hawaii Revised Statutes, is		
6	amended by amending subsection (f) to read as follows:		
7	"(f) [ <del>In the event of</del> ] <u>If</u> a timely protest under		
8	subsection (a) $[\tau]$ <u>occurs</u> , no further action shall be taken on		
9	the solicitation or the award of the contract until the chief		
10	procurement officer makes a written determination that the award		
11	of the contract without delay is necessary to protect		
12	substantial interests of the State. Notwithstanding section		
13	103D-709 and any law to the contrary, a decision under this		
14	subsection shall be final, conclusive, and not subject to		
15	appeal."		
16	SECTION 24. Section 103D-709, Hawaii Revised Statutes, is		
17	amended by amending subsection (a) to read as follows:		
18	"(a) The several hearings officers appointed by the		
19	director of the department of commerce and consumer affairs		
20	pursuant to section 26-9(f) shall have jurisdiction to review		
21	and determine de novo, any request from any bidder, offeror,		
22	contractor, person aggrieved under section 103D-106, or		
· · · ·	2010-1046 SB2062 SD1 SMA.doc		

### S.B. NO. 2062 S.D. 1

1, ,	governmental body aggrieved by a determination of the chief	
2	procurement officer, [head of a purchasing agency] procurement	
3	officer, or a designee of either officer under section 103D-310,	
4	103D-701, or 103D-702."	
5	SECTION 25. Section 103D-710, Hawaii Revised Statutes, is	
6	amended by amending subsection (e) to read as follows:	
7	"(e) No later than thirty days from the filing of the	
8	application for judicial review, based upon review of the record	
9	the circuit court may affirm the decision of the hearings	
10	officer issued pursuant to section 103D-709 or remand the case	
11	with instructions for further proceedings; or it may reverse or	
12	modify the decision and order if substantial rights may have	
13	been prejudiced because the administrative findings,	
14	conclusions, decisions, or orders are:	
15	(1) In violation of constitutional or statutory	
16	provisions;	
17	(2) In excess of the statutory authority or jurisdiction	
18	of the chief procurement officer or [head of the	
19	<pre>purchasing agency] procurement officer;</pre>	
20	(3) Made upon unlawful procedure;	
21	(4) Affected by other error of law;	

### S.B. NO. 2062 S.D. 1

1	(5) Clearly erroneous in view of the reliable, probative,		
2	and substantial evidence on the whole record; or		
3	(6) Arbitrary, or capricious, or characterized by abuse of		
4	discretion or clearly unwarranted exercise of		
5	discretion;		
6	provided that if an application for judicial review is not		
7	resolved by the thirtieth day from the filing of the		
8	application, the court shall lose jurisdiction and the decision		
<b>9</b>	of the hearings officer shall not be disturbed. All time		
10	limitations on actions, as provided for in section 103D-712,		
11	shall remain in effect."		
12	SECTION 26. Section 103D-1001, Hawaii Revised Statutes, is		
13	amended by deleting the definitions of "Hawaii software		
14	development business" and "software development".		
15	[""Hawaii software development business" means any person,		
16	agency, corporation, or other business entity with its principal		
17	place of business or ancillary headquarters located in the State		
18	and that proposes to obtain eighty per cent of the labor for		
19	software development from persons domiciled in Hawaii.		
20	"Software development" means any work related to		
21	feasibility studies, system requirements analysis, system design		
22	alternatives analysis, system external specifications, system		
	2010-1046 SB2062 SD1 SMA.doc		

#### S.B. NO. <sup>2062</sup> S.D. 1

1	internal specifications, programming, testing, debugging, or
2	implementation for an electronic data processing system."]
3	SECTION 27. Section 103D-1002, Hawaii Revised Statutes, is
4	amended as follows:
5	1. By amending subsection (a) to read:
6	"(a) A [ <del>purchasing agency</del> ] procurement officer shall
7	review all specifications in a bid or proposal for purchase of
8	Hawaii products where these products are available."
9	2. By amending subsection (j) to read:
10	"(j) Any purchase made or any contract awarded or executed
11	in violation of this section shall be void and no payment shall
12	be made by any [ <del>purchasing agency</del> ] procurement officer on
13	account of the purchase or contract."
14	SECTION 28. Section 103D-1005, Hawaii Revised Statutes, is
15	amended as follows:
16	1. By amending subsections (a) and (b) to read:
17	"(a) To encourage the use of recycled products, contracts
18	[shall] may be awarded to the lowest responsible and responsive
19	bidders, with preference being given to the products containing
20	recycled material. The policy [board shall adopt rules in
21	accordance with chapter 91 governing preference for recycled
22	products. The] board's rules shall establish percentages of
	2010-1046 SB2062 SD1 SMA.doc

### S.B. NO. <sup>2062</sup> S.D. 1

1	preference and the method of determining the contents of
2	recycled material to qualify various products for preference.
3	(b) The state procurement office, with the assistance of
4	the office of solid waste management in the department of health
5	as provided in section 342G-42, shall develop a recycled product
6	procurement program that shall require state [ <del>purchasing</del>
7	agencies] procurement officers and urge county [purchasing
8	agencies] procurement officers to:
9	(1) Apply preference to the purchase of products with
10	recycled content before purchasing products without
11	any recycled content;
12	(2) Be consistent with applicable federal specification
13	standards incorporated in Executive Order No. 12873,
14	signed by the President of the United States on
15	October 20, 1993, and any subsequent amendments to
16	that order; and
17	(3) Ensure, to the maximum extent economically feasible,
18	the purchase of materials that may be recycled or
19	reused when discarded, and to avoid the purchase of
20	products deemed environmentally harmful."
21	2. By amending subsection (e) to read:

## **S.B. NO.** $^{2062}_{S.D. 1}$

42

- 1	"(e) When purchasing office paper and printed material,
2	state [purchasing agencies] procurement officers shall, and
3	county [ <del>purchasing agencies</del> ] procurement officers are urged to,
4	purchase only office paper and printed material with recycled
5	content, except when statutory, regulatory, or contractual
6	requirements preclude the purchase of office paper or printed
7	material with recycled contents of the same type and quantity as
8	the office paper or printed material without recycled content."
9	SECTION 29. Section 103D-1010, Hawaii Revised Statutes, is
10	amended by amending subsection (b) to read as follows:
11	"(b) The [ <del>purchasing agency</del> ] procurement officer shall:
12	(1) Receive and review proposals submitted by qualified
13	community rehabilitation programs to provide goods or
14	services and determine if they are suitable for
15	purchase by the procuring agency;
16	(2) Negotiate the conditions and terms for the purchase,
17	including the price of the offer, between the
18	procuring agency and the qualified community
19	rehabilitation program; provided that the price of the
20	offer shall not exceed the fair market price and there
21	is assurance that the qualified community

### S.B. NO. 2062 S.D. 1

1		rehabilitation program proposal is in compliance with
2		all administrative rules related to purchasing; and
3	(3)	Ensure that any goods or service purchased from a
4		qualified community rehabilitation program shall not
5		be placed on the Hawaii products list under section
6		103D-1002."
7	SECT	ION 30. Section 103D-1011, Hawaii Revised Statutes, is
8	amended t	o read as follows:
9	"[+]	<pre>\$103D-1011[]</pre> Qualified community rehabilitation
10	program;	proposal to provide goods and services. A qualified
11	community	rehabilitation program shall be allowed to sell only
12	goods or	services, also to include building custodial and
13	grounds m	aintenance services, to a governmental body. A
14	proposal	shall be submitted to the [purchasing agency]
15	procureme	nt officer containing the following information:
16	(1)	A description of the goods or service;
17	(2)	The price of the goods or service; and
18	(3)	Documents and information necessary to qualify as a
19		qualified community rehabilitation program under
20		section 103D-1001."
21	SECT	ION 31. Section 103D-209, Hawaii Revised Statutes, is
22	repealed.	

# **S.B. NO.** $^{2062}_{S.D. 1}$

1	[" <del>\$103D-209 Authority to contract for certain services.</del>
2	Except as provided in section 28-8.3 with respect to agencies of
3.	the State of Hawaii, any governmental body of this State may act
<b>4</b>	as a purchasing agency and contract on its own behalf for
5	professional services subject to this chapter and rules adopted
6	by the policy board. The purchasing agency may consult with the
7	chief procurement officer or the officer's designee when
8	procuring these services."]
9	SECTION 32. Section 103D-403, Hawaii Revised Statutes, is
10	repealed.
11	[" <del>[\$103D-403] Exempted items.</del> Specifications for goods,
12	services, or construction items procured under section 103D-209,
13	or those exempted pursuant to section 103D-210, may be prepared
14	by a purchasing agency in accordance with this chapter and rules
15	adopted hereunder."]
16	SECTION 33. Section 103D-1003, Hawaii Revised Statutes, is
17	repealed.
18	[" <del>\$103D-1003 Printing, binding, and stationery work. (a)</del>
19	All bids submitted for a printing, binding, or stationery
20	section 103D-302 contract in which all work will be performed
21	in-state, including all preparatory work, presswork, bindery
22	work, and any other production-related work, to include storage
	2010-1046 SB2062 SD1 SMA.doc

## S.B. NO. <sup>2062</sup> S.D. 1

45

1	and shipping costs, shall receive a fifteen per cent preference
2	for purposes of bid evaluation.
3	(b) Where bids are for work performed in-state and out-of-
4	state, then for the purpose of selecting the lowest bid
5	submitted only, the amount bid for work performed out-of-state
6	shall be increased by fifteen per cent. The lowest total bid,
7	taking the preference into consideration, shall be awarded the
8	contract unless the solicitation provides for additional award
9	criteria. The contract amount awarded, however, shall be the
10	amount of the price offered, exclusive of the preference."]
11	SECTION 34. Section 103D-1006, Hawaii Revised Statutes, is
12	repealed.
13	[" <del>§103D-1006 Software development businesses. (a) In any</del>
14	expenditure of public funds for software development, the use of
15	Hawaii software development businesses shall be preferred.
16	Where a package bid or response to a request for proposal
17	contains both Hawaii and non-Hawaii software development
18	businesses, then for the purpose of selecting the lowest bid or
19	purchase price only, the bid or offer by a non-Hawaii software
19 20	purchase price only, the bid or offer by a non-Hawaii software development business shall be increased by a preference

2010-1046 SB2062 SD1 SMA.doc

S.B. NO. <sup>2062</sup> S.D. 1

5	
1	(b) This section shall not apply when precluded by federal
2	requirements for competitive bidding."]
3	SECTION 35. The comptroller shall submit a report to the
4	legislature no later than sixty days before the commencement of
5	the 2011 regular session on the implementation of sections 1 and
6	2 of this Act. The report shall include a listing of all
7	contracts awarded under sections 1 and 2 of this Act by the
8	State from the effective date of the Act and progress reports
9	for those contracts, data on total state revenues spent on
10	contracts awarded subject to sections 1 and 2 of this Act, data
11	on employment and wages under contracts subject to sections 1
12	and 2 of this Act, data on preferences awarded under section 1
13	of this Act, the number of challenges to bids or offers made
14	under sections 9 and 10 of this Act and the disposition of each
15	challenge, information on the implementation of sections 1 and 2
16	of this Act, and recommendations for further legislation to
17	better effectuate the purposes of sections 1 and 2 of this Act.
18	SECTION 36. In codifying the new sections added by section
19	2 of this Act, the revisor of statutes shall substitute
20	appropriate section numbers for the letters used in designating
21	the new sections in this Act.

### **S.B. NO.** $^{2062}_{S.D. 1}$

1	SECT	ION 37. Statutory material to be repealed is bracketed
2	and stric	ken. New statutory material is underscored.
3	SECT	ION 38. This Act shall take effect on January 1, 2010;
4	provided	that:
5	(1)	Sections 1 and 2 shall take effect on January 1, 2011;
6	(2)	Amendments made to sections 103D-102(b) and 103D-305,
<sup>2</sup> . 7		Hawaii Revised Statutes, by this Act shall not be
8		repealed when sections 103D-102 and 103D-305, Hawaii
9		Revised Statutes, are reenacted pursuant to section
10		14(1) of Act 175, Session Laws of Hawaii 2009; and
11	(3)	Amendments made to section 103D-710, Hawaii Revised
12		Statutes, by this Act shall not be repealed when
13		section 103D-710, Hawaii Revised Statutes, is
14		reenacted pursuant to section 14(2) of Act 175,
15		Session Laws of Hawaii 2009.



### **S.B. NO.** <sup>2062</sup> S.D. 1

#### Report Title:

Government Procurement; Streamline; Responsible Contractors

#### Description:

Establishes a responsible construction contractor law which specifies prerequisites for government construction contractors and subcontractors. Amends various sections of the Hawaii Public Procurement Code, chapter 103D, HRS, to simplify and streamline procurement processes. Establishes procurement preferences for public works contracts. Allows public comments on the public procurement process. Requires the comptroller to report to the legislature on the implementation of the responsible construction contractor provisions. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

2010-1046 SB2062 SD1 SMA.doc