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# A BILL FOR AN ACT

RELATING TO PROCUREMENT.

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

1           SECTION 1. The legislature finds that bid challenges can  
2 hinder the delivery and award of public works construction  
3 projects resulting in a lapse in funding and other procurement  
4 issues. Often there are communications from a bidder indicating  
5 flaws or technical discrepancies in a low bidder's proposal  
6 before a determination has been made that the low bidder is the  
7 responsible and responsive bidder. Several recent informal  
8 inquiries and bid challenges related to subcontractor listing  
9 and licensing issues have caused major delays and cost increases  
10 for public works construction projects.

11           The legislature further finds that due to the large number  
12 of licenses available, it has become increasingly difficult for  
13 general contractors to verify whether a subcontractor has the  
14 proper license to perform the type of work that the  
15 subcontractor has been contracted to perform. Ensuring that  
16 subcontractors meet all of the necessary requirements to perform  
17 contracted work on state and county projects will address



1 licensing concerns and greatly minimize bid challenges  
2 pertaining to the verification of subcontractor qualifications  
3 and licensing.

4 The purpose of this Act is to:

- 5 (1) Prohibit the disqualification or rejection of a bid  
6 that includes a listed subcontractor whose license is  
7 not valid at the time of the bid due to a lapse in  
8 continuous insurance and bond coverage if certain  
9 conditions are met; and
- 10 (2) Require procurement officers to report any unlicensed  
11 activity to the contractors license board if a bid is  
12 disqualified or rejected because the subcontractor  
13 fails to meet certain licensing requirements.

14 SECTION 2. Section 103D-302, Hawaii Revised Statutes, is  
15 amended by amending subsection (g) to read as follows:

16 "(g) Correction or withdrawal of inadvertently erroneous  
17 bids before or after award, or cancellation of invitations for  
18 bids, awards, or contracts based on such bid mistakes, shall be  
19 permitted in accordance with rules adopted by the policy board.  
20 After bid opening no changes in bid prices or other provisions



1 of bids prejudicial to the interest of the public or to fair  
2 competition shall be permitted[-]; provided that:

3 (1) If a procurement officer determines that a listed  
4 subcontractor's license under chapter 444 is not valid  
5 at the time of the bid due to a lapse in continuous  
6 insurance and bond coverage under section 444-11.1,  
7 the bid may not be disqualified or rejected if:

8 (A) The subcontractor was previously licensed under  
9 chapter 444 within sixty days prior to the time  
10 of bid;

11 (B) Within ten days following the opening of bids,  
12 the subcontractor submits satisfactory proof of  
13 continuous insurance and bond coverages under  
14 section 444-11.1 to the contractors license  
15 board; and

16 (C) Within sixty days following the opening of bids,  
17 the subcontractor has its license under chapter  
18 444 restored to a continuous current and active  
19 status from at least the time of bid to the time  
20 of award; and



1        (2) If a bid is disqualified or rejected because the  
2                    subcontractor failed to meet the requirements of  
3                    paragraph (1), the procurement officer shall report  
4                    any unlicensed activity to the contractors license  
5                    board.

6 Except as otherwise provided by rule, all decisions to permit  
7 the correction or withdrawal of bids, or to cancel awards or  
8 contracts based on bid mistakes, shall be supported by a written  
9 determination made by the chief procurement officer or head of a  
10 purchasing agency."

11        SECTION 3. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13        SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

Procurement Officers; Competitive Sealed Bidding;  
Subcontractors; Licensing

**Description:**

Prohibits the disqualification or rejection of a bid that includes a listed subcontractor whose license is not valid at the time of the bid due to a lapse in continuous insurance and bond coverages if the subcontractor meets certain conditions. Requires procurement officers to report any unlicensed activity if a bid is disqualified or rejected because the subcontractor fails to meet certain licensing requirements. (SB1068 HD1)

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

