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

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



1 contracted work on State and county projects will address  
2 licensing concerns and greatly minimize bid challenges  
3 pertaining to the verification of subcontractor qualifications  
4 and licensing.

5 The purpose of this Act is to:

6 (1) Exempt from disqualification or rejection a bid that  
7 includes a listed subcontractor whose license is not  
8 valid at the time of the bid due to a lapse in  
9 continuous insurance and bond coverage if certain  
10 conditions are met; and

11 (2) Require procurement officers to report any unlicensed  
12 activity at the time of the bid to the contractors  
13 license board.

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 prior to the time of bid;

10 (B) Prior to award, the subcontractor submits  
11 satisfactory proof of continuous insurance and  
12 bond coverages under section 444-11.1 to the  
13 contractors license board; and

14 (C) Prior to award, the subcontractor has its license  
15 under chapter 444 restored to a continuous  
16 current and active status from at least the time  
17 of bid to the time of award; and

18 (2) The procurement officer shall report any unlicensed  
19 activity at the time of the bid to the contractors  
20 license board.



1 Except as otherwise provided by rule, all decisions to permit  
2 the correction or withdrawal of bids, or to cancel awards or  
3 contracts based on bid mistakes, shall be supported by a written  
4 determination made by the chief procurement officer or head of a  
5 purchasing agency."

6 SECTION 3. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act shall take effect upon its approval.

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**Report Title:**

Procurement Officers; Competitive Sealed Bidding;  
Subcontractors; Licensing

**Description:**

Exempts from disqualification or rejection 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 at the time of the bid to the contractors license board. (SD1)

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

