

JAN 25 2017

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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. Section 103D-324, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) Unless the policy board determines otherwise by  
4 rules, the following bonds or security shall be delivered to the  
5 purchasing agency and shall become binding on the parties upon  
6 the execution of the contract if the contract which is awarded  
7 exceeds \$25,000 and is for construction, or the purchasing  
8 agency secures the approval of the chief procurement officer:

9           (1) A performance bond in a form prescribed by the rules  
10           of the policy board, executed by a surety company  
11           authorized to do business in this State or otherwise  
12           secured in a manner satisfactory to the purchasing  
13           agency, for the protection of all persons supplying  
14           labor and material to the contractor for the  
15           performance of the work provided for in the contract,  
16           in an amount equal to one hundred per cent of the  
17           price specified in the contract; provided that:



1           (A) The surety company shall be independent from any  
2           of the parties of the awarded bid, which shall  
3           include any individuals or companies involved  
4           with the awarded bid;

5           (B) No surety company or bond company can be revoked  
6           or dismissed until ninety days after completion  
7           of the project and all claims, torts, and liens  
8           have been settled; and

9           (C) All surety companies and bond companies involved  
10           with the project shall be United States Treasury  
11           listed bond companies;

12           (2) A payment bond in a form prescribed by the rules of  
13           the policy board, executed by a surety company  
14           authorized to do business in this State or otherwise  
15           secured in a manner satisfactory to the purchasing  
16           agency, for the protection of all persons supplying  
17           labor and material to the contractor for the  
18           performance of the work provided for in the contract.  
19           The bond shall be in an amount equal to one hundred  
20           per cent of the price specified in the contract; or



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1           (3) A performance and payment bond which satisfies all of  
2                   the requirements of paragraphs (1) and (2)."

3           SECTION 2. This Act does not affect rights and duties that  
4 matured, penalties that were incurred, and proceedings that were  
5 begun before its effective date.

6           SECTION 3. New statutory material is underscored.

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

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INTRODUCED BY:

*Kal Rhoad*



# S.B. NO. 1280

**Report Title:**

Procurement Code; Performance Bonds

**Description:**

Establishes additional performance bond requirements for surety companies and bond companies under the Hawaii Public Procurement Code.

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

