STAND. COM. REP. NO.

Honolulu, Hawaii March 24 , 2017

RE: S.B. No. 1068 S.D. 1 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 1068, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit 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 coverage if the subcontractor meets certain conditions; and
- (2) Require procurement officers to report any unlicensed activity at the time of the bid to the Contractors License Board.

The General Contractors Association of Hawaii testified in support of this measure. Hawaii Laborers-Employers Cooperation and Education Trust supported the intent of this measure. The State Procurement Office, Plumbing and Mechanical Contractors Association of Hawaii, Iron Workers Stabilization Fund, and Steel Fabricators and Erectors of Hawaii testified in opposition. The Regulated Industries Complaints Office of the Department of



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Commerce and Consumer Affairs; Department of Transportation; Contractors License Board; Subcontractors Association of Hawaii; and Electrical Contractors Association of Hawaii provided comments.

Your Committee has amended this measure by:

- Establishing time constraints for the subcontractor to satisfy certain conditions that would prevent the disqualification or rejection of a bid due to the subcontractor's invalid license;
- (2) Requiring a procurement officer to report any unlicensed activity if a bid is disqualified or rejected because the subcontractor fails to meet certain licensing requirements rather than at the time of the bid;
- (3) Changing its effective date to July 1, 2050, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1068, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1068, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

SB1068 HD1 HSCR LAB HMS 2017-3165

Respectfully submitted on behalf of the members of the Committee on Labor & Public Employment,

JOHANSON, Chair

## State of Hawaii House of Representatives The Twenty-ninth Legislature

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## H50R 1332

## Record of Votes of the Committee on Labor & Public Employment

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| The committee is reconsidering its previous decision on the measure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                 |                                        |                                            |         |
| The recommendation is to:      □ Pass, unamended (as is)     □ Pass, with amendments (HD)     □ Hold     □ Pass short form bill with HD to recommit for future public hearing (recommit)     □     □     □                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                 |                                        |                                            |         |
| LAB Members                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Ayes                            | Ayes (WR)                              | Nays                                       | Excused |
| 1. JOHANSON, Aaron Ling (C)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                 | 1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1. | teranularing an one s warren a monomo site |         |
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| 2. HOLT, Daniel (VC)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                 |                                        |                                            |         |
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| 3. KEOHOKALOLE, Jarrett                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | V<br>NATIONAL CALCU             |                                        |                                            |         |
| 4. NAKASHIMA, Mark M.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                 |                                        |                                            |         |
| T, TRANSBARA, DAUR DA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                 |                                        |                                            |         |
| 5. YAMASHITA, Kyle T.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                 |                                        |                                            |         |
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| 6. MATSUMOTO, Lauren Kealohilani                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u> </u>                        |                                        |                                            |         |
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| The recommendation is: Image: Adopted general distance of the second s |                                 |                                        |                                            |         |
| Vice Chair's or designee's signature:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                 |                                        |                                            |         |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                 |                                        |                                            |         |

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