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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; and

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;

9           (2) A payment bond in a form prescribed by the rules of  
10           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           The bond shall be in an amount equal to one hundred  
17           per cent of the price specified in the contract; or

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

20           No payment bond shall be released or have its obligations  
21           terminated by the purchasing agency until ninety days after the



1 day on which the last labor was done or performed or material  
2 furnished or supplied, and all claims and liens for payment of  
3 the obligations for which the payment bond has been furnished  
4 have been adjudicated or settled."

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

8 SECTION 3. New statutory material is underscored.

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



**Report Title:**

Procurement Code; Performance Bonds

**Description:**

Establishes additional performance bond requirements for surety companies and bond companies under the Hawaii Public Procurement Code. Establishes conditions for releasing or terminating the obligations of a payment bond. (HB1415 HD2)

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

