

Honolulu, Hawaii

FEB 15 2023

RE: S.B. No. 1135

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 1135 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to require cash or protest bonds to be returned to the initiating parties, minus administrative costs, except in cases where the appeal was frivolous or made in bad faith.

Your Committee received testimony in support of this measure from the General Contractors Association of Hawaii; Subcontractors Association of Hawaii; S & M Sakamoto, Inc.; Ralph S. Inouye Co, Ltd; Alan Shintani Inc.; and Damon Key Leong Kupchak Hastert.

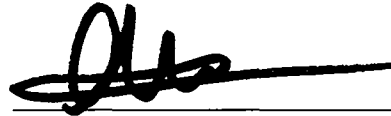
Your Committee finds that the primary intent of the Hawaii Public Procurement Code is to provide fair and equitable treatment, foster broad-based competition, fiscal responsibility, and efficiency in the procurement process, and increase confidence in the integrity of the system. Further, your Committee finds that a party initiating a protest in an administrative proceeding is required to post a procurement protest bond that is forfeited upon losing appeal of a bid protest decision. Your Committee also finds that in the entire nation, only seven states impose a bond requirement to submit a bid protest or seek an appeal of a bid protest decision. Under existing laws, Hawaii is an outlier as the only state that imposes immediate forfeiture of the bond if a



protestor loses the appeal. This measure puts Hawaii in line with the other bond protest states.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1135 and recommends that it pass Second Reading and be referred to your Committee on Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,

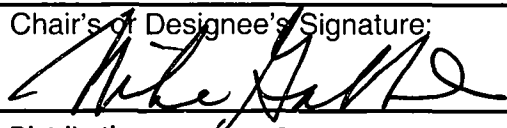


ANGUS L.K. MCKELVEY, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB1135	Committee Referral: GVO, CPN	Date: 2-9-23.		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
SAN BUENAVENTURA, Joy A.				✓
WAKAI, Glenn	✓			
AWA, Brenton	✓			
TOTAL	4	—	—	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes