

STAND. COM. REP. NO. **3265**

Honolulu, Hawaii

MAR 22 2024

RE: H.B. No. 2070
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred H.B. No. 2070, H.D. 1, 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 paid or filed by parties initiating an administrative appeal for protests of solicitations or award of contracts under the Hawaii Public Procurement Code to be returned to the initiating parties, minus administrative costs as determined by the Office of Administrative Hearings of the Department of Commerce and Consumer Affairs, except in cases where the initiating party does not prevail in the administrative hearing or the appeal was frivolous or made in bad faith.

Your Committee received testimony in support of this measure from Subcontractors Association of Hawaii; Hawaii Operating Engineers Industry Stabilization Fund Political Action Committee; Jas W. Glover, Ltd.; Moss; Nordic PCL Construction, Inc.; General Contractors Association of Hawaii; King & Neel Pacific, Inc.; S & M Sakamoto, Inc.; Ralph S. Inouye Co. Ltd.; and Alan Shintani, Inc.

Your Committee finds that Hawaii is the only state that does not return a cash or protest bond that is required to be paid or

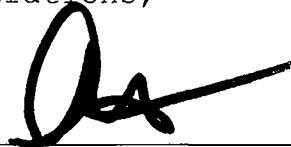


filed by a party initiating an administrative appeal for procurement actions when the party prevails on its protest. This measure allows recovery of those costs by the prevailing parties while deterring frivolous and bad faith appeals and covering the administrative costs of the Office of Administrative Hearings of the Department of Commerce and Consumer Affairs.

Your Committee has amended this measure by inserting an effective date of July 1, 2024.

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 H.B. No. 2070, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2070, H.D. 1, S.D. 1, 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



