STAND. COM. REP. NO. 3471

Honolulu, Hawaii

APR 0 8 2026

RE: S.R. No. 173

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Government Operations and Energy and Intergovernmental Affairs, to which was referred S.R. No. 173 entitled:

"SENATE RESOLUTION URGING ALL STATE AND COUNTY AGENCIES INVOLVED IN CONSTRUCTION PROCUREMENT TO IMPLEMENT PROMPT PAYMENT TRANSPARENCY MEASURES AND EXPRESSING APPRECIATION TO THE PUBLIC WORKS DIVISION OF THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES FOR ITS EFFORTS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

(1) Urge all state and county agencies involved in construction procurement to implement prompt payment transparency measures; and

(2) Express appreciation to the Public Works Division of the Department of Accounting and General Services for its efforts in promoting prompt payment transparency.

Your Committees received testimony in support of this measure from Sheet Metal Contractors Association; Master Sheet Metal, Inc.; Plumbing and Mechanical Contractors Association of Hawaii; Subcontractors Association of Hawaii; Electrical Contractor's Association of Hawai'i, NECA Hawai'i Chapter; Tile Contractors Association of Hawaii; Hawaii Architectural Glass & Metals Association; Hawai'i Wall & Ceiling Industry Association;

International Brotherhood of Electrical Workers, Local Union 1186, AFL-CIO; and Hawaii Electricians Market Enhancement Program.

Your Committees received comments on this measure from the Department of Accounting and General Services.

Your Committees find that prompt and timely payment in public construction projects is an essential management practice that promotes efficiency and fairness. Your Committees further find that while retainage, which is the withholding of a percentage of construction funds to ensure proper and timely completion of work, is a common practice, delays in releasing retainage and progress payments unduly harm the finances of contractors, including subjecting them to cash flow challenges that may affect their ability to meet payroll obligations, procure materials, and sustain ongoing operations to successfully complete their projects. The Legislature has taken action to improve payment practices and increase protection for contractors through the enactment of Act 291, Session Laws of Hawaii 2006, which instigated the establishment by the Public Works Division of the Department of Accounting and General Services of a contractor payment website providing transparency on job progress and the status of payments. By urging other procuring agencies to adopt similar mechanisms, this measure will improve efficiency, accountability, and fairness in construction procurement statewide.

As affirmed by the records of votes of the members of your Committees on Government Operations and Energy and Intergovernmental Affairs that are attached to this report, your Committees concur with the intent and purpose of S.R. No. 173 and recommend its adoption.

Respectfully submitted on behalf of the members of the Committees on Government Operations and Energy and Intergovernmental Affairs,

GLENN WAKAI, Chair

ANGUS L.K. MCKELVEY, Chair

2026-2092 SR SSCR SMA.docx

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:
SR173	GVO/EIG	4-2-26

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☑ Pass, unamended 2312 ☐ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
HASHIMOTO, Troy N.				✓
MORIWAKI, Sharon Y.	✓			
AWA, Brenton				✓
TOTAL	3	—	—	2

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature:

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/02/26

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Energy and Intergovernmental Affairs
EIG

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The Recommendation is:

☑ Pass, unamended 2312 ☐ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn				✓
RICHARDS, III, Herbert M. "Tim"	✓			
FEVELLA, Kurt				✓
TOTAL	3			2

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature: [signature]

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Revised: 01/02/26