

ACT 118

H. B. 731.

A Bill for an Act Relating to Value Engineering in Public Works Contracts.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Purpose. The purpose of this Act is to adopt for the State of Hawaii the principle of value engineering such as is being used by the United States Department of Defense in many of its contracts.

SECTION 2. Value engineering clauses. The State of Hawaii and each of the respective counties shall insert clauses providing for value engineering incentives in all public works contracts for amounts in excess of \$100,000. Such clauses shall provide:

(1) That cost reduction proposals submitted by contractors:

(a) Must require, in order to be applied to the contract, a change order thereto; and

(b) Must result in savings to the State or county, as the case may be, by providing less costly items than those specified in the contract without impairing any of their essential functions and characteristics such as service life, reliability, economy of operation, ease of maintenance, and necessary standardized features.

(2) That accepted cost reduction proposals shall result in an equitable adjustment of the contract price so that the contractor will share a portion of the realized cost reduction.

SECTION 3. Rules and regulations. The comptroller of the State or the treasurer or director of finance of each of the counties, as the case may be, shall promulgate, pursuant to chapter 6C, Revised Laws of Hawaii 1955, such rules and regulations as may be necessary and proper to implement this Act, provide adequate incentive to contractors, realize savings for the State or counties, as the case may be, and to otherwise carry out the purposes of this Act.

SECTION 4. Effective date. This Act shall take effect upon its approval.

(Approved May 25, 1967.)