

ACT 16

S.B. NO. 1854

A Bill for an Act Relating to Termination of Contract by Contracting Agency.

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

SECTION 1. Section 103-33, Hawaii Revised Statutes, is amended to read as follows:

**“§103-33 Termination of contract by contracting agency.** The contracting officer for any contract executed in accordance with this chapter may terminate the contract at any time or bar the contractor from bidding on any project let to bid pursuant to this chapter, for a period not to exceed one year when, in the opinion of the contracting officer, the contractor has made unjustifiable and substantive

changes from the condition set forth in the contractor's original itemized bid; provided that the changes which are [directly] due directly to the failure, refusal, or inability of a subcontractor named in the contractor's original itemized bid in accordance with section 103-29 to enter into the subcontract or because of the subcontractor's insolvency, inability to furnish a reasonable performance bond, suspension or revocation of the subcontractor's license, or failure or inability to comply with other requirements of the law applicable to contractors, subcontractors, and public works projects shall not be deemed to be unjustifiable and substantive changes warranting termination of the contract by the contracting officer[.] or for barring the contractor from bidding on future projects. Upon termination, the contracting officer shall limit payment to the contractor to that part of the contract satisfactorily completed at the time of termination. In the case of barring contractors from bidding on future contracts, each contracting officer taking that action shall notify other contracting agencies of the action."

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved April 17, 1989.)