

ACT 345

S.B. NO. 2600

A Bill for an Act Relating to Public Property.

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

SECTION 1. The purpose of this Act is to broaden the bid deposit requirements for concessions on public property to include all credit union instruments.

Under current law, credit union members are not allowed to support their bids for concessions on public property with credit union instruments. Only cash or instruments issued by federally insured banks or savings and loans are permissible bid deposits. As federally insured institutions, credit unions' instruments are as secure as instruments issued by federally insured banks or savings and loans.

Since credit unions can provide the same assurances of security for their instruments as banks or savings and loans, credit union instruments should be permitted to secure bids for concessions on public property.

SECTION 2. Section 102-6, Hawaii Revised Statutes, is amended to read as follows:

“§102-6 Deposits of legal tender, etc., to accompany bid. All bids shall be accompanied by a deposit of legal tender, or a certificate of deposit, cashier’s check or certified check on a bank that is insured by the Federal Deposit Insurance Corporation[,] or by a share certificate, cashier’s check, certified check, or teller’s check issued by a credit union that is insured by the National Credit Union Administration, in a sum not less than five per cent of the amount bid, payable at sight or unconditionally assigned to the officer advertising for tenders; provided that when the amount bid exceeds \$50,000, the legal tender, certificate of deposit, share certificate, cashier’s check [or], certified check, or teller’s check shall be in a sum not less than \$2,500 plus two per cent of the amount in excess of \$50,000.

A bid deposit for a bid requiring a deposit may be in the form of a surety bond conforming to the requirements of section 103-31.”

SECTION 3. Section 102-8, Hawaii Revised Statutes, is amended to read as follows:

“§102-8 Bond may be substituted for deposits. In lieu of the deposit of legal tender, [or] certificate of deposit, [or] share certificate, cashier’s check, certified check, or teller’s check, a bid may be accompanied by a surety bond executed to the officer calling for bids by the bidder as principal, and by any corporation organized for the purpose of becoming surety on bonds, authorized under the laws of the United States or of the State to act as surety and doing business in the State under the laws of the United States or of the State, if a foreign corporation, and under the laws of the State, if a [Hawaiian] Hawaii corporation, as surety, in a penal sum of equal amount, conditioned upon the bidder entering into the contract and furnishing satisfactory security within ten days after the award or within [such] any further time as the officer may allow, if the bidder is awarded the contract.”

SECTION 4. Section 102-12, Hawaii Revised Statutes, is amended to read as follows:

“§102-12 Surety on bond; justification. A surety company authorized to do business under the laws of the State may be accepted as surety on the bond, whenever, in the opinion of the officer letting the contract, the rights of all parties in interest will be fully protected. If the surety or sureties on the bond, whether individual or corporate, shall be other than a surety company authorized to do business under the laws of the State, there shall be not more than four [such] sureties who shall severally justify in such amounts as, taken together, will aggregate the full amount of the bond; provided that in the case of [such] the other sureties the officer letting the contract shall require that the surety shall also severally deposit with the officer certified checks [or], certificates of deposit [(payable), or share certificates (unconditionally assigned or on demand on or after such period as the officer may stipulate) or bonds, stocks, or other negotiable securities, or execute and deliver to the officer a deed of trust of real property, all of such character as shall be satisfactory to the officer, each surety

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to furnish [such] the security to the full cash value of one hundred per cent of the amount for which the surety shall so have justified; provided further that the contracting officer [may], in the officer's discretion, may waive the necessity of furnishing [such] the security, to any extent that the officer may deem warranted, in cases where, upon an actual examination, the officer is satisfied as to the financial responsibility of the proposed surety or sureties; provided that if there is but one personal surety the surety shall so justify for the full amount of the bond."

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

(Approved July 9, 1990.)