

Bernard P. Carvalho, Jr.
Mayor



Wallace G. Rezentes, Jr.
Director of Finance

Gary K. Heu
Managing Director

Sally A. Motta
Deputy Director of Finance

DEPARTMENT OF FINANCE
County of Kauai, State of Hawaii
DIVISION OF PURCHASING
4444 Rice Street, Suite 303, Lihu'e, Hawaii 96766
TEL (808) 241-4288 FAX (808) 241-6297

July 28, 2011

Kai Hawaii, Inc.
31 N. Pauahi Street, 2nd Floor
Honolulu, HI 96817

Attn: Michael P. Hunnemann, Vice President

Gentlemen:

RE: Contract No. 8568 – KAPAHI STREAM BRIDGE REPLACEMENT, FEDERAL AID PROJECT NO. BR-0700 (53), DISTRICT OF KAPAA

Your firm has been awarded the negotiated contract to provide the County of Kauai with KAPAHI STREAM BRIDGE REPLACEMENT, FEDERAL AID PROJECT NO. BR-0700 (53), DISTRICT OF KAPAA, in accordance to the terms and conditions set forth in the enclosed contract, SUBJECT TO the return of the executed contract along with the following:

- A tax clearance certificate required by HRS 103-53; and
- Insurance certificates as required by the negotiated terms.

The County's Schedule G-3 is enclosed to assist you in obtaining the tax clearance required by HRS 103-53.

The payments will be based on the following schedule:

Basic Design Fees **\$429,237.60**

Allowances for Waterline relocation fee (\$17,587.00 to be added by contract amendment if water lines need to be relocated)

Allowances for Section 401, Water quality certification fee (\$9,724.00 to be added by contract amendment if required by Department of Health)

The contract is for the total sum not to exceed **FOUR HUNDRED TWENTY-NINE THOUSAND, TWO HUNDRED THIRTY-SEVEN AND 60/100 DOLLARS (\$429,237.60)**.

The contract term is for a period of **630** consecutive calendar days from the Notice to Proceed issued by the County.

Contract documents are enclosed, under separate cover, for your final review and execution. **Contract No. 8568** is assigned and should be referenced in all future communications relating to this Contract.

After the contract is fully executed a "Notice To Proceed" will be issued to designate the official contract starting date. Until said Notice is issued the County may find cause for cancellation of the award and any expenses incurred by you will be at your own risk.

Further, as a reminder, the following is a requirement for final payment and should be submitted with your final payment invoice:

a tax clearance certificate required by HRS 103-53;

Please feel free to call us on any question or if we may be of service.

Very truly yours,



WALLACE G. REZENTES, JR.
Director of Finance



c: Finance/T. Caires
ACPO
County Engineer
PW/K. Venkatesan

WGR:ew

SCHEDULE G – 3 (For Exempt Procurement)

HRS 103-53 CONTRACTS WITH THE STATE OR COUNTIES; TAX CLEARANCES, ASSIGNMENTS

NOTICE AND INSTRUCTIONS

Hawaii Revised Statutes (HRS) 103-53 states:

1. All state and county contracts shall require a tax clearance, as a prerequisite to contract, from the State Director of Taxation and the Internal Revenue Service.
2. If a contractor fails to timely file all tax returns and pay all taxes, interest, and penalties due to the State or the Internal Revenue Service during the contract term, the state or county shall immediately assign any progress payment due the contractor to the State or to the Internal Revenue Service.
3. Final payment of the contract shall be withheld until receipt of a tax clearance from the State Director of Taxation and the Internal Revenue Service. If the contractor fails to provide the requisite tax clearances within six months of the completion date of the contract, any amounts due may be subject to an offset process and applied to any taxes due the State Director of Taxation or the Internal Revenue Service.
4. The above does not apply to a County contract of less than \$25,000.00.

The following information is provided to assist in complying with the tax clearance requirements of HRS 103-53 CONTRACTS WITH THE STATE OR COUNTIES; TAX CLEARANCES, ASSIGNMENTS:

- A. **Pre-requisite to contract:** In order to comply with the above, contractors, upon award, must apply for and submit, as a pre-requisite to contract, a tax clearance certificate to the County of Kauai, Division of Purchasing, 4444 Rice Street, #303, Lihue, HI 96766. Application for a Tax Clearance Certificate (Form A-6) may be obtained by contacting the following:
1. **State Department of Taxation, Kauai District Office, 3060 Eiwa Street, Rm 105, Lihue, HI 96766; Phone (808) 274-3456; or Ohau District Office, Phone: (800) 222-3229 or (808) 587-4242; Fax: (808) 587-1488 (Oahu);**

For e-form: <http://www.hawaii.gov/tax/current/a6.pdf>

For e-file: <http://www.ehawaii.gov/efile/>

Allow 10 to 15 working days.

- a. The contractor is required to submit, as a pre-requisite to contract, a tax clearance certificate issued by the Hawaii State Department of Taxation (DOTAX) and the Internal Revenue Service (IRS). The certificate is valid for **six (6) months** from the most recent approval stamp date on the certificate and must be valid on the date it is received by the purchasing agency.
 - b. The Contractor is required to submit a tax clearance certificate for final payment on the contract. A tax clearance certificate, not over **two months** old, with an original green certified copy stamp, must accompany the invoice **for final payment** on the contract.
- B. **Final Payment:** In order to comply with the above, HRS 103-53, contractors must apply for and submit a Tax Clearance (see Paragraph A, 1 above) for final payment. It is recommended that the tax clearance be submitted with the final payment invoice.
- C. **Hawaii Compliance Express.** A tax clearance may be obtained electronically. Contractors may choose to use the Hawaii Compliance Express (HCE), which allows businesses to register online through a simple wizard interface at <http://vendors.ehawaii.gov> to acquire a "Certificate of Vendor Compliance." The HCE provides current compliance status as of the issuance date. The "Certificate of Vendor Compliance" shall be accepted for both contracting purposes and final payment. Contractors that elect to use the new HCE services will be required to pay an annual fee of \$12.00 to the Hawaii Information Consortium, LLC (HIC). Contractors choosing not to participate in the HCE program will be required to provide the paper certificates as instructed above.

REFERENCES:

HRS Chapter 237 - General Excise Tax Law
State Procurement Office website: www.spo.hawaii.gov