

Honolulu, Hawaii

Feb 17, 2006

RE: H.B. No. 3087
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 3087 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this bill is to provide certain state agencies that provide health care the flexibility to purchase health care goods and services. Specifically, this bill amends the State Procurement Code (Code) to, among other things:

- (1) Exempt purchases of medical equipment and services from the requirements of the Code;
- (2) Establish the Chief Executive Officer of the Hawaii Health Systems Corporation (HHSC) as the Chief Procurement Officer of HHSC;
- (3) Allow the service of certain design professionals to be procured as a small purchase, sole source or emergency procurement; and
- (4) Increase the threshold exemption amount for small purchases from \$25,000 for \$100,000.



The Office of the Governor, HHSC, HHSC Kauai Region, and several board members of HHSC testified in support of this bill. The State Procurement Office and Department of Accounting and General Services supported the measure in part, but opposed other parts of the measure. The American Institute of Architects Hawaii State Council and Diagnostic Laboratory Services, Inc. opposed this measure.

Your Committee has amended this bill by:

- (1) Deleting the exemption for purchases of medical goods and services from requirements of the Code;
- (2) Establishing the administrator of each hospital in HHSC or designee, instead of the Chief Executive Officer of HHSC as the Chief Procurement Officer;
- (3) Removing the provision relating to the procurement of design professional services;
- (4) Removing HHSC from the list of agencies that may approve certification of appropriations for contracts awarded through competitive sealed bidding or proposals and sole source procurements;
- (5) Deleting the specific exception of HHSC from the definitions of "agency" and "purchasing agency" in the Code; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3087, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 3087, H.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



JON RIKI KARAMATSU, Chair



