

Honolulu, Hawaii

March 17, 2006

RE: S.B. No. 2897  
S.D. 2  
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 S.B. No. 2897, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this bill is to simplify the procurement  
process by:

- (1) Raising the small purchases ceiling from \$25,000 to \$50,000, to correspond to the reality of the costs of goods, services, and construction.
- (2) Requiring small purchase procurements under \$50,000 to be:
  - (A) Solicited and transacted electronically over the Internet; and
  - (B) Made using pre-qualified lists of vendors from whom bids or offers are solicited randomly;
- (3) Exempting the Department of Budget and Finance from the Procurement Code when administering special purpose revenue bonds issued for health care facilities, manufacturing enterprises, processing enterprises, industrial enterprises, energy projects, early childhood



education and care facilities, and private nonsectarian and sectarian schools, colleges, and universities.

Hawaii Pacific Health, The Queen's Health Systems, and Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc., testified in support of this bill. The State Procurement Office, American Council of Engineering Companies of Hawaii, Masa Fujioka & Associates, Hawaii Health Systems Corporation, Coalition of Hawaii Engineering and Architectural Professionals, Akinaka & Associates, Ltd., American Society of Civil Engineers, Sansei Architects, Control Point Surveying, Inc., MK Engineers, Ltd., Kai Hawaii, Inc., Engineering Solutions, Inc., and Finance Insurance, Ltd. supported this measure with amendments. The Finance Department of the County of Hawaii and Hawaii Building and Construction Trades Council, AFL-CIO opposed this bill. The Department of Accounting and General Services offered comments.

Your Committee has amended this bill by:

- (1) Adding a new part, that prohibits government contracts from requiring construction design professionals to defend the governmental body from negligent acts, errors, or omissions committed by the governmental body; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

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 S.B. No. 2897, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2897, S.D. 2, H.D. 1, and be referred to the Committee on Legislative Management.



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

  
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JON EIKI KARAMATSU, Chair



