

Honolulu, Hawaii

March 24, 2006

RE: S.B. No. 2897
S.D. 2
H.D. 2

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

Sir:

Your Committee on Legislative Management, to which was referred S.B. No. 2897, S.D. 2, H.D. 1, 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;
- (2) Requiring small purchase procurements under \$50,000 to be:
 - (A) Solicited and transacted electronically over the Internet; and
 - (B) Made using prequalified lists of vendors from whom bids or offers are solicited randomly;

and

- (3) Exempting the Department of Budget and Finance (B&F) from the Procurement Code when administering certain types of special purpose revenue bonds.



This bill also prohibits government contracts from requiring construction design professionals to defend the governmental body from negligent acts, errors, or omissions committed by the governmental body.

B&F, Hawaii Pacific Engineers, Inc., Coalition of Hawaii Engineering and Architectural Professionals, The Lintiacco Consulting Group, Hawaii Pacific Health, American Society of Civil Engineers, American Council of Engineering Companies, Masa Fujioka & Associates, and Cedric D.O. Chong & Associates, Inc., supported this bill. The State Procurement Office, Hawaiian Electric Company, Inc., Maui Electric Company, Limited, Hawaii Electric Light Company, Inc., The Queen's Health Systems, and AIA Hawaii State Council supported portions of this measure. The High Technology Development Corporation (HTDC) supported the intent of this bill. The Department of Accounting and General Services offered comments.

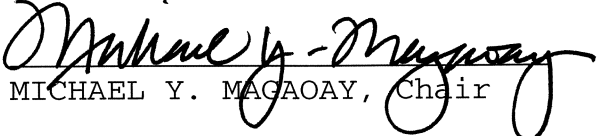
Your Committee has amended this bill by:

- (1) Replacing the proposed amendments to the small purchase provisions with language specifying that procurements between \$25,000 and \$50,000 shall be made through an electronic procurement system;
- (2) Exempting HTDC from the Procurement Code when administering special facility revenue bonds; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2897, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 2897, S.D. 2, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Legislative
Management,


MICHAEL Y. MAGAOAY, Chair



