

Honolulu, Hawaii

Feb. 16, 2006

RE: S.B. No. 2896
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Transportation and Government Operations,
to which was referred S.B. No. 2896 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to amend the Hawaii public
procurement code provisions on exempt agencies and purchases.

Specifically, the measure:

- (1) Requires exempt agencies to have written procurement policies, procedures, and ethics;
- (2) Requires exempt agencies to document purchases for audit;
- (3) Requires a legislative bill exempting an agency to contain legislative findings of necessity; and
- (4) Allows an agency to supplement procurement training if there is no effect on the budget.

Your Committee received testimony in support of this measure from the State Procurement Office (SPO).

This measure is a result of joint legislative hearings held during the interim. Testimony indicated, among other things, that the SPO had no information on the procurement practices of exempt



agencies, and that the Auditor was impeded in auditing an exempt agency due to a lack of documentation. Your Committee is also concerned about the plethora of agencies that were granted statutory exemptions without sufficient consideration.

This measure is intended to bring a degree of openness and evenness in government procurement in order to fortify public confidence in governmental purchases that are paid for from taxpayer moneys.

Your Committee has amended this measure on the recommendation of the SPO by:

- (1) Requiring that contract awards made by exempted agencies be posted on the SPO's website to ensure public disclosure; and
- (2) Making clarifying amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2896, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Government Operations,


LORRAINE R. INOUE, Chair



