

Honolulu, Hawaii

Feb. 16

, 2006

RE: S.B. No. 2897  
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. 2897 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to increase the small  
purchases threshold under the Hawaii public procurement code from  
\$25,000 to \$50,000.

Your Committee received testimony in support of this measure  
from the Hawaii Health Systems Corporation. Testimony in  
opposition was received from the State Procurement Office.  
Comments were received from the Department of Accounting and  
General Services (DAGS).

This measure brings into line the reality of the costs of  
goods and services with the threshold of small purchase contracts.  
It is the intent of your Committee to facilitate procurements from  
smaller businesses by providing flexible and expedient purchases  
of smaller amounts.

Your Committee remains concerned about the potential for  
abuse and fraud by raising the limit to \$50,000. To maintain open  
and fair competition in small purchases, your Committee has  
amended this measure on the recommendation of DAGS by:

- (1) Requiring small purchases to be negotiated over the  
Internet; and



- (2) Requiring the selection of a vendor from pre-qualified lists of vendors from whom bids or offers are solicited randomly.

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

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

  
LORRAINE R. INOUYE, Chair



