

Honolulu, Hawaii

Feb. 16

, 2006

RE: S.B. No. 2899
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. 2899 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to restore the exemption from the procurement code for the issuance of special purpose revenue bonds for health care facilities, manufacturing enterprises, processing enterprises, industrial enterprises, and energy projects, on the basis that no public moneys are involved in issuing special purpose revenue bonds.

Your Committee received testimony in support of this measure from the Department of Budget and Finance (B&F), the State Procurement Office, Hawaiian Electric Company, Inc., and Hawaii Pacific Health.

The basis for this exemption is that no public moneys are involved in the issuance of special purpose revenue bonds (SPRBs). Even the fees and costs involved in the issuance of SPRBs and the administration of loan programs are borne by the borrower. Vendors, if any, are hired and paid by the borrower. Should the State incur any costs whatsoever in the issuance of a SPRB, the borrower is required to reimburse the State for all such amounts.

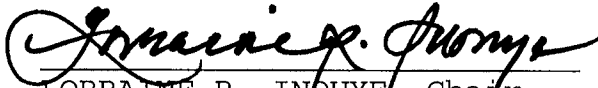
Your Committee has amended this measure on the recommendation of B&F to include within the exemption the issuance of SPRBs to assist early childhood education and care facilities serving the



general public and private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities serving the general public.

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. 2899, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2899, 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



