

Honolulu, Hawaii

Feb. 15, 2006

RE: S.B. No. 2995

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

Sir:

Your Committees on Transportation and Government Operations and Media, Arts, Science, and Technology, to which was referred S.B. No. 2995 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

beg leave to report as follows:

The purpose of this measure is to exempt the Natural Energy Laboratory of Hawaii (NELHA) from the procurement code.

Your Committees received testimony in support of this measure from NELHA. Testimony in opposition was received from the Department of Accounting and General Services, the State Procurement Office, and the American Council of Engineering Companies.

Your Committees find that a procurement exemption for the NELHA would make it more efficient in its procurement process and enable it to attract more competent service providers. Because NELHA is a unique agency that deals with various cutting-edge technology projects, it is sometimes not practical for NELHA to go through the procurement code process. Federal funds earmarked for NELHA are very difficult to pass through to contracted agencies under procurement code procedures.

Allowing NELHA to procure goods and services without the necessity of going through the procurement process would give NELHA the opportunity to work with universities and laboratories conducting research on a continual contract basis, particularly when federal moneys are involved. Your Committees have been



advised that NELHA is subject to periodic federal government audits in connection with the expenditure of federal funds.

As affirmed by the records of votes of the members of your Committees on Transportation and Government Operations and Media, Arts, Science, and Technology that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2995 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Government Operations and
Media, Arts, Science, and
Technology,


CAROL FUKUNAGA, Chair


LORRAINE R. INOUE, Chair



