

STAND. COM. REP. NO.

1084

Honolulu, Hawaii

MAR 20 2007

RE: H.B. No. 1659
H.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Tourism and Government Operations, to which was referred H.B. No. 1659, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to require that moneys received by a government body pursuant to a solicitation of funds by the body to cover costs and expenses of state-sponsored trips and other state-sponsored endeavors to generate business opportunities and goodwill, are required to be deposited into the general fund and disbursed by legislative appropriation.

Your Committee received testimony in opposition to this measure from the Department of Business, Economic Development, and Tourism (DBEDT); High Technology Development Corporation; and High Technology Innovation Corporation.

Your Committee finds that this measure is in response to "trade missions" and other promotional activities of the State that are financed mostly by private entities. Your Committee believes that such moneys should become a realization of the general fund, inasmuch as a state-sponsored activity was involved. In turn, these moneys should be expended pursuant to normal channels such as the legislative appropriation of public funds for justified purposes.

The intent of this measure is to allow more openness in the transaction of government business that involves private funding.

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This measure would remove the aura of suspicion associated with private entities using private moneys to finance what is essentially a governmental function. At the least, a private entity may reap the benefit in terms of future business opportunities as a result of the government-sponsored event. This arrangement raises the issue of ethical impropriety, however well-intended the donations or actions may have been, because potentially, only participating businesses would seem to gain benefits by the exposure as a member of a trade mission, for example.

Furthermore, your Committee was not informed in testimony as to what path the money takes from the private donors to the private organizers of the trade show. If it passes through DBEDT, your Committee believes that a specific accounting of the moneys should be made. Your Committee also believes that the State actually acts in a fiduciary capacity in these solicitations, which could impose liability on the State for a mishandling of moneys.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1659, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

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



CLARENCE K. NISHIHARA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Tourism and Government Operations
TSG

Bill / Resolution No.:*	Committee Referral:	Date:
HB1659 HD2	TSG, WAM	3-15-07

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	/			
KIM, Donna Mercado (VC)	/			
TSUTSUI, Shan S.	/			
TRIMBLE, Gordon			/	
TOTAL	3		1	

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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