

Honolulu, Hawaii

March 14, 2008

RE: S.B. No. 2824  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,  
to which was referred S.B. No. 2824, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this bill is to improve the State's  
procurement policies by:

- (1) Requiring that private funds solicited by a government body to cover the costs of trade missions and goodwill trips be deposited into the general fund and disbursed by legislative appropriation;
- (2) Making the Comptroller an ex-officio nonvoting member of the State Procurement Policy Board (Board);
- (3) Mandating that the Board annually audit at least two randomly selected executive departments, divisions, or agencies, for compliance with the procurement code, and perform other audits based on a pattern of noncompliance; and



- (4) Requiring the Auditor to conduct a compliance, performance, and management audit of the State Procurement Office and purchasing agencies of the Executive Branch to determine compliance with the procurement code.

The Department of Accounting and General Services and the Department of Business, Economic Development, and Tourism submitted testimony in opposition to this measure.

Your Committee feels that the Comptroller, as the only board member who represents state interests, is a valuable voting member of the Board. Also, your Committee recognizes that immediate, day-to-day expenditures are required during the State's business and goodwill trips, and questions the effectiveness of requiring a legislative appropriation in these situations.

Your Committee has amended this bill by:

- (1) Deleting the requirement that monies solicited for state missions and goodwill trips be deposited in the general fund and appropriated by the Legislature;
- (2) Deleting the section making the Comptroller an ex-officio nonvoting member of the Board;
- (3) Expanding the scope of annual procurement compliance audits to include all branches of state government;
- (4) Changing the effective date to July 1, 2034, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2824, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2824, S.D. 2, H.D. 1, and be referred to the Committee on Legislative Management.



Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business  
Concerns,



KYLE T. YAMASHITA, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

**HSCR 1103-08**

**Record of Votes of the Committee on Economic Development & Business Concerns**

<b>Bill/Resolution No.:</b> SB 2824, SD2	<b>Committee Referral:</b> EDB, LMG, FIN	<b>Date:</b> 3/11/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>EDB Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. YAMASHITA, Kyle T. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BERG, Lyla B., Ph.D.	✓			
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.	✓			
8. MANAHAN, Joey	✓			
9. TSUJI, Clift	✓			
10. YAMANE, Ryan I.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.	✓			
<b>TOTAL (12)</b>	11	0	0	1
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
<b>Vice Chair's or designee's signature:</b> _____				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office				