

STAND. COM. REP. NO.

1085

Honolulu, Hawaii

MAR 20 2007

RE: H.B. No. 1767  
H.D. 1  
S.D. 1

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. 1767, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE PROCUREMENT CODE,"

begs leave to report as follows:

The purpose of this measure is to establish a consultants' competitive negotiation process for design-build contracts under the Hawaii Public Procurement Code.

Your Committee received testimony in support of this measure from the Hawaii Building and Construction Trades Council, AFL-CIO; International Union of Elevator Constructors; Plumbers and Pipefitters Local 675; and The Building Trades Council. Testimony in opposition was received from the Department of Accounting and General Services (DAGS); State Procurement Office (SPO); and Coalition of Hawaii Engineering and Architectural Professionals. Comments were received from AIA Hawaii State Council.

Your Committee believes that more study is necessary to determine whether this measure is necessary. Testimony of DAGS and SPO indicates that design-build solicitations can be made within the confines of existing law, though there is no specific provision. However, your Committee notes the persuasive testimony of supporters of this measure to the effect that greater efficiencies, economies, and value would be realized with design-build. Therefore, your Committee urges DAGS and SPO to adopt an administrative rule to provide for a design-build or best value

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procurement process, in order to clarify the current ambiguity and to increase awareness of design-build procurement among purchasing agencies.

Accordingly, your Committee has amended this measure by deleting its contents and inserting provisions from S.B. No. 1371, to exempt from the State's Procurement Code Special Purpose Revenue Bonds (SPRBs) issued for not-for-profit private organizations in the development of low- and moderate-income housing, and for agricultural enterprises serving important agricultural lands. Your Committee finds that, with regard to the development of low- and moderate-income housing and the issuance of SPRBs for agricultural enterprises serving important agricultural lands, sometimes cumbersome restrictions of the Public Procurement Code may serve to thwart the intended purposes of those laws. In addition, since such transactions do not involve the expenditure of public funds, your Committee believes that subjecting these transactions to the Public Procurement Code is unnecessary, SPRBs are not well-suited for public procurement inasmuch as bond financing is not within the realm of a public procurement.

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. 1767, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1767, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

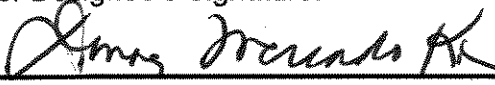
Respectfully submitted on  
behalf of the members of the  
Committee on Tourism and  
Government Operations,

  
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:                                 |          |         |
| HB1767 HD1  | TSG, WAM  | 3-15-07                               |          |         |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____ |   |                                       |          |         |
| The Recommendation is:  |   |                                       |          |         |
| <input type="checkbox"/> Pass, unamended<br>2312  | <input checked="" type="checkbox"/> Pass, with amendments<br>2311 | <input type="checkbox"/> Hold<br>2310 |          |         |
| <input type="checkbox"/> Recommit<br>2313   |   |                                       |          |         |
| Members   | Aye   | Aye (WR)                              | Nay      | Excused |
| NISHIHARA, Clarence K. (C)  | /   |                                       |          |         |
| KIM, Donna Mercado (VC)   | /   |                                       |          |         |
| TSUTSUI, Shan S.  | /   |                                       |          |         |
| TRIMBLE, Gordon   |   |                                       | /        |         |
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| <b>TOTAL</b>  | <b>3</b>  |                                       | <b>1</b> |         |
| Recommendation:   |   |                                       |          |         |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted  |   |                                       |          |         |
| Chair's or Designee's Signature:  |   |                                       |          |         |
|    |   |                                       |          |         |
| Distribution:   |   |                                       |          |         |
| Original<br>File with Committee Report  | Yellow<br>Clerk's Office  | Pink<br>Drafting Agency               |          |         |

\*Only one measure per Record of Votes