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LATE TESTIMONY

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
INTERGOVERNMENTAL AND MILITARY AFFAIRS
ON
February 4, 2008

S.B. 2172

RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE

Chair Inouye and members of the Committee, thank you for the opportunity to testify on S.B. 2172.

The Department of Accounting and General Services (DAGS) opposes S.B. 2172 because it would undermine the purpose of the procurement code. The bill's proposes to exempt county cooperative purchases from rules adopted by the Procurement Policy Board. The primary effect this would have is to remove the requirement that agencies provide notice to all interested vendors, including Hawaii companies, that an agency intends to join with agencies outside of the State in cooperative purchasing agreements. This would deny Hawaii companies the opportunity to bid or make proposals to the soliciting "cooperative". Because the Hawaii Administrative Rules are the legal mechanism for implementing the Hawaii Revised Statutes, exempting the counties from the Hawaii Administrative Rules would be equivalent to exempting them from the code, relative to cooperative purchases.

It should be noted that although the bill purports to exempt the counties from the Hawaii Administrative Rules, by striking the law's requirement that cooperative purchasing be pursuant to "rules adopted by the policy board", this bill would exempt not just counties, but the executive, legislative and judicial branches of State government as well. This unintended consequence adds to the bill's undermining of the procurement code.

DAGS recommends that this bill be held.

Thank you for the opportunity to testify on this matter.

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February 1, 2008

TO: Honorable Lorraine R. Inouye, Chair
Senate Committee on Intergovernmental and Military Affairs

FROM: Joseph Pontanilla, Treasurer *Joseph Pontanilla*
Hawaii State Association of Counties

DATE: February 4, 2008

SUBJECT: **SUPPORT OF SB 2172, RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to remove the requirement for local governments to comply with rules adopted by the Procurement Policy Board and to place the decision-making power to use cooperative contracts within the discretion of local government.

I am aware that the President of the Hawaii State Association of Counties (HSAC), Mel Rapozo, has submitted testimony, on behalf of HSAC, in support of this measure, which is in the HSAC Legislative Package. As the Treasurer of HSAC, I concur with the testimony submitted by President Rapozo, and urge you to support this measure.

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