



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE  
GOVERNOR  
THEODORE E. LIU  
DIRECTOR  
MARK K. ANDERSON  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**THEODORE E. LIU**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Monday, February 25, 2008  
10:00 A.M.  
State Capitol, Conference Room 211

in consideration of  
**SB 2574 SD1**  
**RELATING TO PROCUREMENT.**

Chair Baker, Vice Chair Tsutsui, and Committee members.

The Department of Business, Economic Development and Tourism does not support SB2574 SD1, which requires that monies received by, on behalf of, or for the benefit of a government body for state-sponsored endeavors that are designed to generate business opportunities and goodwill for the state, shall be deposited into the general fund and disbursed pursuant to legislative appropriation. The bill appropriates \$50,000 in fiscal year 2008-2009 to offset initial costs and expenses for DBEDT's trade missions and endeavors.

To be competitive in the new global economy, Hawaii needs to establish better links with the Asia-Pacific region. Hawaii businesses need to become adept at exporting products and services. Trade missions allow companies to develop contacts that can lead to export opportunities, resulting in more business and ultimately more employment in

our state. This measure would effectively end the Department's ability to allocate the cost of a trade mission to the individual participants who may benefit from it. Besides a matter of fairness, charging fees allows greater participation and encourages partnerships. If the Department had to rely on \$50,000 for trade and goodwill mission, we would likely only be able to conduct a single mission a year with a handful of companies.

Thank you for the opportunity to offer these comments.

LINDA LINGLE  
GOVERNOR



RUSS K. SAITO  
Comptroller

BARBARA A. ANNIS  
Deputy Comptroller

**STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES**  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

WRITTEN COMMENTS  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE  
ON  
WAYS AND MEANS  
ON  
February 25, 2008  
S.B. 2574, S.D. 1

RELATING TO PROCUREMENT

Chair Baker and members of the Committee, thank you for the opportunity to comment on S.B. 2574, S.D. 1.

The Department of Accounting and General Services (DAGS) opposes this bill. It does not address any procurement issue; it simply imposes the Legislative will upon the governmental body that solicits funds "to cover the costs and expenses of state-sponsored endeavors to generate business opportunities and goodwill for the State". By requiring that the funds raised by the governmental body be deposited in the general fund and disbursed pursuant to legislative appropriation, the Legislature appears to be saying that it is better able to determine how funds should be spent in spite of the fact that the contributors were willing to entrust the funds to the disposition of the fundraising government body. Requiring the Legislature to appropriate the funds would also introduce unnecessary delays in expending the funds to generate business opportunities and goodwill for the state.

Part II (section 3) of the bill inserts a provision requiring the Comptroller to become an ex-officio nonvoting member of the State Procurement Policy Board. There is no basis in the bill's language for taking away the Comptroller's vote, and doing so would decrease the effectiveness of the state procurement policy board.

The state procurement code applies to state and county agencies. The State Procurement Policy Board adopts rules to implement the state procurement code. The Board has seven members, all with voting rights. Two members are government employees, one representing the counties and one, the Comptroller, representing the State. The other five members are not state or county employees. If the Comptroller's vote is taken away, there will be only one vote representing the government agencies to whom the state procurement code applies. DAGS believes this will make the Board less effective.

DAGS recommends that this bill be held.

Thank you for the opportunity to comment on this matter.