

STAND. COM. REP. NO.

1207

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1470
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Judiciary and Government Operations, to which was referred H.B. No. 1470, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HAWAII PUBLIC PROCUREMENT CODE,"

begs leave to report as follows:

The purpose of this measure is to exempt from the Hawaii Public Procurement Code procurements of goods, services, and construction from a source approved as the sole source by the federal government under a grant from the federal government in any procurement funded by state and federal matching funds or by federal funds alone.

Your Committee received testimony in support of and comments about this measure from government entities. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee has reviewed and heard several of the procurement measures and has consolidated them into this measure, as amended. Your Committee finds that the Hawaii Public Procurement Code needs to be updated. This amended measure is particularly important in anticipation of the State receiving federal economic stimulus grants that will be applied in large part to procurements. The State needs to move expediently in this regard.



Your Committee has amended this measure by:

- (1) Enacting a procurement exemption for GSA-approved sole source vendors;
- (2) Increasing the small purchases limit from \$50,000 to \$100,000 for goods and services and to \$250,000 for construction contracts;
- (3) Defining "Hawaii input" to clarify how products with a materials derived from Hawaii may qualify for procurement preferences;
- (4) Defining "Hawaii component";
- (5) Clarifying the definition of "Hawaii products" and "products" qualifying for preferences;
- (6) Allowing for the self-certification for Hawaii products listings;
- (7) Amending the percentage by which a price or bid shall be decreased for Hawaii products;
- (8) Providing that a contract shall be voidable and subject to debarment or suspension for failure to adequately verify, deliver, or supply Hawaii products;
- (9) Establishing time limits on rendering decisions on applications for administrative and judicial review;
- (10) Requiring a dismissal of protests for inadvertent errors of less than a specified amount of the bid amount of competing bidder;
- (11) Clarifying procedures for administrative review;
- (12) Amending the notice requirements applicable to subcontract provisions permitting the withholding of a subcontractor's payment without incurring obligation to pay interest or a late payment penalty; and
- (13) Changing the effective date to July 1, 2050 to continue the discussions on this matter.



As affirmed by the record of votes of the members of your Committee on Judiciary and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1470, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1470, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

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



BRIAN T. TANIGUCHI, Chair



