

Honolulu, Hawaii

FEB 12 2010

RE: S.B. No. 2114

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Economic Development and Technology, to which was referred S.B. No. 2114 entitled:

"A BILL FOR AN ACT RELATING TO CAPITAL INVESTMENTS,"

begs leave to report as follows:

The purpose of this measure is to create greater efficiencies related to the State's information technology infrastructure by:

- (1) Including agency-wide technology and computer systems with an estimated useful life of greater than seven years as capital investments; and
- (2) Authorizing all agency and contracted labor costs for the installation, monitoring, and replacement of these technologies and computer systems to be financed with bond funds and depreciated as capital investments.

Testimony in support of this measure was submitted by the Department of Education. The Department of Budget and Finance submitted testimony in opposition.

Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that in March 2009, the Auditor released Report No. 09-06: "Audit of the State of Hawai'i's Information Technology: Who's in Charge?", which made a number of recommendations to the Legislature regarding the responsibilities of the various information technology (IT) governance entities.



Significantly, the Auditor found that both the Chief Information Officer (CIO) position established in 2004 and the IT governing bodies that were formed were established without clearly defined roles, duties, and responsibilities. The CIO's responsibilities as Comptroller, a position with numerous duties and responsibilities, have outweighed the CIO role, and key responsibilities such as strategic planning and setting statewide IT priorities have suffered correspondingly.

In Senate Bill No. 2548, S.D. 1, your Committee has implemented the Auditor's recommendations for IT governance by statutorily creating a cabinet-level CIO (effective on January 1, 2011, supported by the Information and Communications Services Division), and establishing an information technology steering committee to assist in developing an IT governance plan.

Other state and county CIOs have discussed the need for a stable source of funding and revenues as a key component of any strategic IT planning; currently, the state Judiciary is the only branch of government with an IT special fund for its operations. Act 203, Session Laws of Hawaii 1996, initially generated roughly \$800,000 a year. Currently, as amended by Act 299, Session Laws of Hawaii 1999, the fund brings in about \$5,000,000 annually from fees.

Your Committee believes that the recommendation to treat investments in technology as capital improvements by the 2009 Task Force on Reinventing Government (H.C.R. No. 76, H.D. 1, S.D. 1,) makes eminent good sense, and agrees that it is time to modernize the State's IT infrastructure by annual allocations of designated amounts of state capital improvement project appropriations for large-scale IT investments.


Your Committee finds that this measure is one of several being considered to address inefficiencies in the State's information technology infrastructure, and to propose solutions that include upgrading, improving, or replacing technology and computer systems infrastructure in order to ensure greater efficiency and productivity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and



purpose of S.B. No. 2114 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

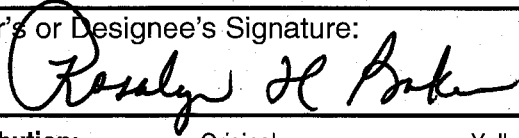
Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,


CAROL FUKUNAGA / Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB 2114	Committee Referral: EDT, WAM	Date: 2-5-2010		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
HEE, Clayton				✓
IGE, David Y.	✓			
SLOM, Sam			✓	
TOTAL	3	-	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes