

STAND. COM. REP. NO.

2220

Honolulu, Hawaii

FEB 12 2010

RE: S.B. No. 2291  
S.D. 1

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. 2291 entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to implement recommendations of the technology caucus work group regarding state procurement by:

- (1) Establishing a state procurement preference for the benefit of Hawaii businesses providing high technology goods or services; and
- (2) Requiring the state procurement office to authorize reseller agreements in multi-state contracting agreements.

Testimony in support of this measure was submitted by the Department of Accounting and General Services, Hawaii Strategic Development Corporation, High Technology Development Corporation, The Chamber of Commerce of Hawaii, and two individuals. The State Procurement Office submitted comments.

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

Your Committee finds that following the Regular Session of 2009, legislators convened a technology caucus work group to

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provide a forum to review the current status of Hawaii's science and technology industry, identify state or county actions that impede long-term growth and expansion of technology companies, and develop recommendations to address these impediments. Chief among the industry concerns are government procurement procedures.

In particular, your Committee is concerned that the State Procurement Office's change in policy in implementing the Western States Contracting Alliance (WSCA) multistate agreements is a practice that no other state has pursued in implementing WSCA agreements. As a result of this change, when the State Procurement Office places an order directly with an out-of-state original equipment manufacturer, as opposed to the local reseller agent, this action reduces the level of state expenditures and activity within the local economy, reduces tax revenues paid by local technology businesses, and may result in job losses if the original equipment manufacturer does not have a local back-end agent program.

Your Committee has amended this measure by:

- (1) Further amending the definition of "Hawaii business" to include a small business qualified for federal procurements under the Small Business Administration HUBzone Empowerment Contracting Program;
- (2) Authorizing, rather than requiring, an unlimited use license for intellectual property purchased by the State;
- (3) For reseller agreements, requiring the State Procurement Office to place orders directly with local resellers designated by original equipment manufacturers; and
- (4) Making the effective date upon approval.

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. 2291, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2291, S.D. 1, and be referred to the Committee on Judiciary and Government Operations.



2220

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.:* <i>SB 2291</i>	Committee Referral: <i>EDT, JGO</i>	Date: <i>2-8-2010</i>		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" 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				✓
<b>TOTAL</b>	<i>3</i>	<i>-</i>	<i>-</i>	<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Rosalyn H Baker</i></div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes