



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

**LATE TESTIMONY**

WRITTEN TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS  
ON  
March 11, 2010  
S.B. 2291, S.D. 2

RELATING TO ECONOMIC DEVELOPMENT

Chair McKelvey and members of the Committee, thank you for the opportunity to provide written testimony on S.B. 2291, S.D. 2.

The Department of Accounting and General Services (DAGS) has concerns about this bill.

Relative to Section 4, Chapter 103D-1006 (b) DAGS advises that although enterprise wide license agreements are beneficial, requiring Hawaii State businesses to provide unlimited licenses for property they help design and develop may be disadvantageous to the businesses and drive the cost of the development so high that the Hawaii business cannot be competitive, even with a preference.

Relative to Part III, Section 6, allowing resellers to participate in multi-state contracting agreements would be beneficial and is currently allowed, based on reseller

agreements between the vendors and their resellers. Similar to construction projects, the State executes contracts with the general contractor, and not with the subcontractors. Mandating that resellers be allowed to resell a vendor's product would take away the vendor's discretion and ability to negotiate mutually beneficial reseller agreements. DAGS defers any amendments to make this part compliant with the procurement code to the State Procurement Office. The multi-state contracting agreements do not need to be limited to WSCA. If resellers could, in compliance with the code, and by agreement with the vendors, participate in a variety of multi-state pricing agreements, Hawaii could benefit from the hard work, research and negotiation other states have done. Inclusion of Federal programs, in compliance with the code, may also be beneficial.

Thank you for the opportunity to testify on this matter.

# LATE TESTIMONY

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TESTIMONY  
OF  
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ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS

March 11, 2010

8:30 AM

SB 2291, SD 2

RELATING TO ECONOMIC DEVELOPMENT.

Chair McKelvey, Vice-Chair Choy, and committee members, thank you for the opportunity to testify on SB 2291, SD 2.

The proposed amendment is unnecessary, and recommend be deleted as this is a contract issue. The Western States Contracting Alliance (WSCA) solicitation allows contract manufacturers to designate resellers, with the terms and conditions for ordering and payment identified in the master agreement. If the master agreement allows for ordering and payment directly to a local reseller, SPO complies with those provisions. It would be inappropriate to require a contractor to accept a reseller, or to dictate the terms and conditions between the contractor and resellers. The proposed language may limit Hawaii's participation in multi-state cooperative agreements and prevent the State of taking advantage of the volume discounts provided by these cooperative agreements.

However, if this bill moves forward, ATTACHMENT A is provided for your consideration for further discussion.

Thank you.

SB 2291, SD2  
House Committee on Economic Revitalization,  
Business, & Military Affairs  
March 11, 2010  
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ATTACHMENT A

Amend page 4, lines 4 to 8 to read as follows:

**"§103D- Reseller agreements. The state procurement office shall authorize local reseller agreements as part of any multi-state contracting agreement and shall place allow orders placed directly with local resellers, provided authorized and designated by the original equipment manufacturers or the awarded contractor."**