
A BILL FOR AN ACT

RELATING TO PAYMENT FOR GOODS AND SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that, nationally, state
2 and local governments contract with nonprofit organizations -
3 particularly human service organizations - to deliver pivotal
4 services to individuals, families, and communities. In October
5 2010, the Urban Institute released three related reports,
6 including a "National Study of Nonprofit-Government Contracting,
7 State Profiles", which outlined a variety of problems faced by
8 these nonprofits.

9 Nationally, nearly thirty-three thousand human service
10 providers had almost two hundred thousand government contracts
11 in 2009. Despite the prevalence and importance of government
12 contracting, most nonprofits experienced some problem with their
13 government contracts and grants. Key problems include payments
14 not covering full program costs, complex and time-consuming
15 applications and reporting, changes to contractual and grant
16 agreements, and late payments. In Hawaii, one hundred sixty-one
17 human service nonprofits provided services to state and county
18 government in 2009, and fifty per cent of the nonprofits



1 reported problems with late payments, which is substantially
2 higher than the national average of forty-one per cent.

3 The legislature further finds that nonprofits are not alone
4 in dealing with the problems outlined in the Urban Institute
5 data. Small businesses that contract with governments report
6 the same concerns and face the same negative consequences. Both
7 nonprofits and businesses struggle to make ends meet in an
8 economy that continues to falter.

9 In 2010, the senate committee on economic development and
10 technology and the house of representatives committee on
11 economic revitalization, business, and military affairs convened
12 an informal small business discussion group to address the most
13 critical issues facing the small business sectors within
14 Hawaii's economy. Representatives from the Chamber of Commerce
15 of Hawaii, construction and trades industries, community
16 nonprofits, agricultural sector, food and restaurant industries,
17 retailing, science and technology sector, commercial
18 transportation industry, and interested stakeholders developed a
19 package of bills that address the most pressing problems facing
20 Hawaii's small business community, including the problem of late
21 payment.



1 The purpose of this Act is to establish the prompt payment
2 task force to examine and resolve issues that prevent state
3 agencies from making prompt payments for goods and services
4 purchased through nonprofit organizations, in particular, human
5 service organizations, to deliver pivotal goods and services to
6 individuals, families, and communities.

7 SECTION 2. (a) There is established a prompt payment task
8 force within the department of accounting and general services
9 for administrative purposes. The comptroller shall select the
10 initial members of the task force and shall invite at least one
11 member from each of the following:

- 12 (1) The state procurement office of the department of
13 accounting and general services;
- 14 (2) The department of budget and finance;
- 15 (3) The department of health;
- 16 (4) The department of human services;
- 17 (5) The Hawaii Alliance of Nonprofit Organizations;
- 18 (6) The Building Industry Association of Hawaii or the
19 Pacific Resource Partnership;
- 20 (7) Protecting Hawaii's Ohana, Children, Underserved,
21 Elderly, and Disabled (PHOCUSED);



- 1 (8) The senate committee on economic development and
- 2 technology;
- 3 (9) The senate committee on human services;
- 4 (10) The senate committee on public safety, government
- 5 operations, and military affairs;
- 6 (11) The house of representatives committee on economic
- 7 revitalization and business;
- 8 (12) The house of representatives committee on human
- 9 services; and
- 10 (13) The house of representatives committee on public
- 11 safety and military affairs.

12 The members of the prompt payment task force shall elect a
13 chairperson from among its membership. The chairperson of the
14 task force shall seek to maintain a balanced representation of
15 interests and may select additional task force members at the
16 chairperson's discretion.

17 (b) The prompt payment task force shall examine and
18 resolve issues that prevent state agencies from making prompt
19 payment for goods and services purchased through nonprofit
20 organizations, in particular, human service nonprofit
21 organizations, that deliver pivotal goods and services to
22 individuals, families, and communities.

1 (c) Members of the prompt payment task force shall serve
2 without compensation and shall not be reimbursed for expenses.

3 (d) The prompt payment task force shall submit a report of
4 its findings and recommendations, including any proposed
5 legislation, to the legislature no later than twenty days prior
6 to the convening of the regular session of 2012, and shall
7 participate in a joint informational briefing session upon
8 request of the legislature.

9 (e) The department of accounting and general services
10 shall provide administrative, clerical, and professional staff
11 support to the task force and assist the task force in preparing
12 its report.

13 (f) The prompt payment task force shall cease to exist on
14 June 30, 2012.

15 SECTION 3. This Act shall take effect on July 1, 2112.



Report Title:

Public Money; Payment for Goods and Services; Task Force

Description:

Establishes a prompt payment task force attached to DAGS to examine and resolve issues relating to state agencies' payments for goods and services purchased through nonprofit organizations. Effective 07/01/2112. (HD1)

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