

Honolulu, Hawaii

APR 05 2012

RE: H.B. No. 2145  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committees on Economic Development and Technology and Ways and Means, to which was referred H.B. No. 2145, H.D. 2, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to express as state policy the delineation of the key economic sectors of importance for economic diversification in Hawaii and identification of key projects within those sectors that are important to the long-term growth and success of those industries.

Prior to the hearing, your Committees made available a proposed S.D. 1, which designated the contents of this measure as part I and added language from S.B. No. 2012, S.D. 1, as parts II through IX, to:

- (1) Issue \$500,000,000 in general obligation bonds to fund the repair and maintenance or capital renewal and deferred maintenance projects of various executive departments, the University of Hawaii, Hawaii Health Systems Corporation, and the Judiciary (parts II through VI);
- (2) Apply small purchase procurement requirements to capital improvement projects authorized pursuant to this Act for



goods, services, or construction that are less than \$1,000,000 (part VII);

- (3) Require procurements of less than \$1,000,000 to be conducted through an electronic system (part VII);
- (4) Exempt capital improvement projects that are less than \$1,000,000 from the provisions of section 103D-701, Hawaii Revised Statutes, relating to protests (part VII);
- (5) Provide for certain exemptions from county permitting, licensing, and certification requirements (part VII);
- (6) Establish a legislative capital improvements program oversight committee, require the committee to report its findings to the 2013 and 2014 Legislature, and sunset the committee on June 30, 2014 (part VIII); and
- (7) Require the Department of Accounting and General Services, beginning with the first quarter of fiscal year 2012-2013, to prepare quarterly reports and submit the reports to the legislature no later than thirty days after the last day of each quarter, on the status of all appropriations made by this Act, including amounts appropriated, appropriated but not allotted, allotted, encumbered, and expended by project; provided that the Department of Accounting and General Services shall post the reports on the Department's website (part VIII); and
- (8) Change the effective date to upon approval.

Your Committees received testimony in support of the proposed S.D. 1 from the Office of the Governor, Department of Accounting and General Services, State Procurement Office, Department of Agriculture, Department of Education, Hawaii State Public Library System, Department of Transportation, University of Hawaii System, Hawaii State Judiciary, Building Industry Association of Hawaii, General Contractors Association of Hawaii, Hawaii Laborers-Employers Cooperation and Education Trust, The Pacific Resources Partnership, The Chamber of Commerce of Hawaii, The Hawaii Carpenters Union, Subcontractors Association of Hawaii, Carpenters Union, and one individual. Your Committees received testimony in opposition to the proposed S.D. 1 from the International Brotherhood of Electrical Workers, Sierra Club Hawaii Chapter, Air



Balance Hawaii, and three individuals. Your Committees received comments on the proposed S.D. 1 from the Department of Budget and Finance; Department of Land and Natural Resources; Office of Hawaiian Affairs; Plumbing and Mechanical Contractors Association of Hawaii; Alaka'i Mechanical Corporation; Economy Plumbing & Sheetmetal, Inc; Hawaii Building and Construction Trades Council, AFL-CIO; Continental Mechanical of the Pacific; Elite Mechanical, Inc.; and one individual.

Your Committees find that the proposed S.D. 1 for this measure would provide funding for urgently needed deferred maintenance and capital renewal projects of state facilities, while respecting the need for the appropriate environmental reviews and permitting requirements. This measure would also serve as a strong economic stimulus for Hawaii's construction industry and other economic sectors, as major state construction projects constitute key economic development drivers for the State's economy.

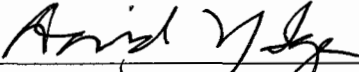
Your Committees have amended this measure by adopting the proposed S.D. 1 and further amending this measure by:


- (1) Deleting part I, relating to key economic sectors of importance for economic diversification in Hawaii;
- (2) Specifying that the Department of Accounting and General Services shall be the expending agency for Department of Health repair and maintenance projects other than Hawaii Health Systems Corporation repair and maintenance projects;
- (3) Requiring each bidder for capital improvement projects with a total estimated contract value of \$250,000 or higher to submit a listing of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and scope of the work to be performed by each; provided that construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one percent of the total bid; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the records of votes of the members of your Committees on Economic Development and Technology and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2145, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2145, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Economic  
Development and Technology and  
Ways and Means,

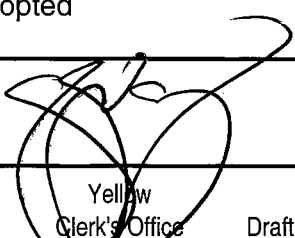
  
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DAVID Y. IGE, Chair

  
\_\_\_\_\_  
CAROL FUKUNAGA, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

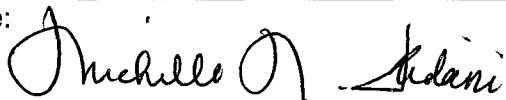
**Record of Votes**  
**Committee on Economic Development and Technology**  
**EDT**

|   |   |                                       |                                  |         |
|---|---|---------------------------------------|----------------------------------|---------|
| Bill / Resolution No.:*   | Committee Referral:   | Date:                                 |                                  |         |
| HB 2145, HD2  | EDT/WAM   | 4/3/12                                |                                  |         |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____ |   |                                       |                                  |         |
| The Recommendation is:  |   |                                       |                                  |         |
| <input type="checkbox"/> Pass, unamended<br>2312  | <input checked="" type="checkbox"/> Pass, with amendments<br>2311 | <input type="checkbox"/> Hold<br>2310 |                                  |         |
| <input type="checkbox"/> Recommit<br>2313   |   |                                       |                                  |         |
| Members   | Aye   | Aye (WR)                              | Nay                              | Excused |
| FUKUNAGA, Carol (C)   | ✓   |                                       |                                  |         |
| WAKAI, Glenn (VC)   | ✓   |                                       |                                  |         |
| BAKER, Rosalyn H.   |   |                                       |                                  | ✓       |
| SOLOMON, Malama   |   |                                       |                                  | ✓       |
| SLOM, Sam   |   | ✓                                     |                                  |         |
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| <b>TOTAL</b>  | 2   | 1                                     | <del>0</del>                     | 2       |
| Recommendation:   |   |                                       |                                  |         |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted  |   |                                       |                                  |         |
| Chair's or Designee's Signature:  |   |                                       |                                  |         |
|    |   |                                       |                                  |         |
| Distribution:   |   |                                       |                                  |         |
| Original<br>File with Committee Report  | Yellow<br>Clerk's Office  | Pink<br>Drafting Agency               | Goldenrod<br>Committee File Copy |         |

\*Only one measure per Record of Votes

The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

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| HB2145 HD2  | EDT/WAM   | 4-3-12                                |                                  |         |
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| <input type="checkbox"/> Recommit<br>2313   |   |                                       |                                  |         |
| Members   | Aye   | Aye (WR)                              | Nay                              | Excused |
| IGE, David Y. (C)   | /   |                                       |                                  |         |
| KIDANI, Michelle N. (VC)  | /   |                                       |                                  |         |
| CHUN OAKLAND, Suzanne   | /   |                                       |                                  |         |
| DELA CRUZ, Donovan M.   |   |                                       |                                  | /       |
| ENGLISH, J. Kalani  | /   |                                       |                                  |         |
| ESPERO, Will  | /   |                                       |                                  |         |
| FUKUNAGA, Carol   | /   |                                       |                                  |         |
| KIM, Donna Mercado  | /   |                                       |                                  |         |
| KAHELE, Gilbert   | /   |                                       |                                  |         |
| KOUCHI, Ronald D.   | /   |                                       |                                  |         |
| RYAN, Pohai   |   | /                                     |                                  |         |
| TOKUDA, Jill N.   | /   |                                       |                                  |         |
| WAKAI, Glenn  | /   |                                       |                                  |         |
| SLOM, Sam   |   | /                                     |                                  |         |
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| <b>TOTAL</b>  | 11  | 2                                     | 0                                | 1       |
| Recommendation:   |   |                                       |                                  |         |
| <input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>                         |   |                                       |                                  |         |
| Chair's or Designee's Signature:  |   |                                       |                                  |         |
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