

STAND. COM. REP. NO.

2411

Honolulu, Hawaii

FEB 17 2012

RE: S.B. No. 2012
S.D. 1

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2012 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC FUNDS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the issuance of unspecified sums of general obligation bonds and appropriate the moneys obtained therefrom, in fiscal year 2011-2012, to fund various repair and maintenance, capital renewal, and capital improvement projects of the State of Hawaii; and
- (2) Provide work for unemployed and under employed residents.

In addition, among other things, the measure:

- (1) Proposes to issue \$500,000,000 in general obligation bonds to fund various projects;
- (2) Amends the public procurement process by raising the monetary ceiling from \$100,000 to \$250,000 on the value of procurement contracts to which the small purchase procurement process applies;
- (3) Exempts all repair and maintenance, capital renewal, and capital improvement projects that are subject to the



measure from all county permit, license, and certificate requirements; provided that the projects still comply with the applicable county code requirements;

- (4) Exempts the entities, to which the measure allocates funds, from the procurement requirements under section 103D-102, Hawaii Revised Statutes;
- (5) Makes permanent certain exemptions from the procurement code contained in sections 103D-102, and 304A-105, Hawaii Revised Statutes;
- (6) Makes permanent the \$100,000 and \$250,000 small purchase procurement ceiling amounts contained in section 103D-305, Hawaii Revised Statutes; and
- (7) Makes other amendments that facilitate the expeditious execution of repair and maintenance, capital renewal, and capital improvement projects to stimulate the State's economy.

Prior to the hearing, your Committee circulated a Proposed S.D. 1. While the purpose and intent of the Proposed S.D. 1 is similar to the original bill, the proposed draft:

- (1) Deleted the section of the bill that amended section 103D-102, Hawaii Revised Statutes;
- (2) Deleted the section of the bill that would have made permanent certain exemptions from the procurement code, contained in sections 103D-102 and 304A-105, Hawaii Revised Statutes;
- (3) Deleted the section of the bill that made permanent the \$100,000 and \$250,000 small purchase procurement ceiling amounts contained in section 103D-305, Hawaii Revised Statutes;
- (4) Amended the expedited procurement process for the capital improvement projects authorized under the measure by raising the proposed contract value ceiling, from \$250,000 to \$1,000,000, for goods, services, or construction to which the small purchase procurement process applies;



- (5) Added a requirement that small purchase procurements funded by this measure be conducted through an electronic system;
- (6) Added an exemption from provisions concerning protests relating to solicitations and awards, pursuant to section 103D-701, Hawaii Revised Statutes, for small purchase procurements funded by this measure; and
- (7) Clarified that the county permit, license, and certificate exemption provided in the original version of the bill for capital improvement projects applies only to capital improvement projects with a cost of less than \$1,000,000.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services; the Judiciary; the Department of Budget and Finance; the University of Hawaii; the Department of Education; the State Procurement Office; the Hawaii State Public Library Systems; the Office of Planning, Department of Business, Economic Development, and Tourism; the Hawaii Health Systems Corporation; The Chamber of Commerce of Hawaii; the Hawaii Business Roundtable; the Pacific Resource Partnership; the Hawaii Construction Alliance; the General Contractors Association of Hawaii; the Hawaii Laborers' Union; BIA Hawaii; and the Hawaii Building and Construction Trades Council.

Your Committee received testimony in opposition to this measure from The Outdoor Circle.

Your Committee received comments on this measure from the Department of Land and Natural Resources and the Plumbing & Mechanical Contractors Association of Hawaii.

Your Committee has amended the Proposed S.D. 1 by:

- (1) Inserting specific sums totaling \$500,000,000 in general obligation bonds to fund the various projects, and reorganizing the listing of those projects;
- (2) Changing the expending agency designation for repair and maintenance projects for the Hawaii State Public Library System from the Department of Education to the Department of Accounting and General Services;

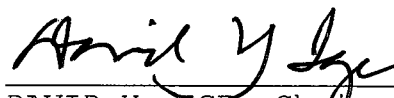


- (3) Authorizing designated expending agencies for capital improvement projects to delegate the execution of the project to other state or county agencies when it is advantageous for both agencies;
- (4) Establishing a legislative capital improvements program oversight committee to oversee and evaluate expenditure of the funds;
- (5) Requiring the Department of Accounting and General Services to prepare quarterly reports of the status of the appropriations and to submit those reports to the Legislature; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

In recommending passage of this measure by the Senate and Legislature, your Committee notes its intent that state agencies structure the procurement of work authorized under this measure in a manner that affords a broad spectrum of trades the ability to bid and be awarded contracts for projects appropriated by this measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2012, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2012, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB2012	Committee Referral: WAM.	Date: 2-10-12		
<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
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		✓		
TOTAL	13	1		
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes