

STAND. COM. REP. NO. 1229-12

Honolulu, Hawaii

March 23, 2012

RE: S.B. No. 2457
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred S.B. No. 2457, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure as received by your Committee is to make various amendments to the procurement review process by, among other things:

- (1) Imposing time limits on rendering administrative and judicial review decisions;
- (2) Limiting protests to those that are a minimum percentage of the contract value; and
- (3) Requiring the posting of a protest bond, to be forfeited if the protesting party does not prevail.

For the purposes of a public hearing on this measure, your Committee circulated Proposed S.B. No. 2457, S.D. 2, H.D. 1, and notified the public that it would be accepting testimony on the proposed draft, which, among other things:

- (1) Imposes time limits on rendering administrative and judicial review decisions;

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- (2) Limits protests to those that are a minimum percentage of the contract value;
- (3) Requires the posting of a protest bond, to be forfeited if the protesting party does not prevail;
- (4) Temporarily authorizes the governor or a county mayor to exempt a procurement from protest; and
- (5) Requires, as a condition of the exemption, that bids and proposals, but not trade secrets or other proprietary data, be released for public inspection.

Your Committee received testimony from the following organizations and individuals on S.B. 2457 S.D. 2, as received by your Committee, and on the proposed draft:

The General Contractors Association; LYZ, Inc.; Ralph S. Inouye Co., Ltd.; Royal Contracting Co., Ltd.; and Healy Tibbits Builders, Inc. testified in support of the measure as received by your Committee. The Department of Budget and Fiscal Services of the City and County of Honolulu testified in support with amendments of the measure as received by your Committee.

Hawaii LECET testified in support of the proposed draft. General Contractors Association testified in support with amendments of the proposed draft. The State Procurement Office testified in opposition to the proposed draft. The Office of Administrative Hearings of the Department of Commerce and Consumer Affairs provided comments on the proposed draft.

Your Committee considered the merits of both S.B. 2457, S.D. 2, as received by your Committee, and the proposed draft, and upon careful consideration, adopted the proposed draft with the following amendments:

- (1) Inserting the contents of H.B. 2265 H.D. 2, which makes permanent the amendments to section 103D-305, Hawaii Revised Statutes, that increase the limits on procurements qualifying for certain small purchase procedures;
- (2) Changing the effective date to July 1, 2112, to facilitate further discussion; and



- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2457, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2457, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR-1229-12

Record of Votes of the Committee on Economic Revitalization & Business

Proposed HD 1
Bill/Resolution No.: SB 2457, SD 2 (HSCR 2015)

Committee Referral: ERB, FIN

Date: 3/15/12

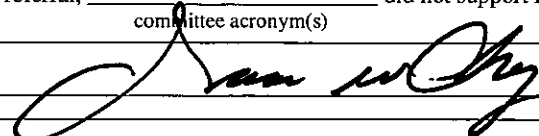
The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	X			
2. CHOY, Isaac W. (VC)	X			
3. AWANA, Karen L.	X			
4. BROWER, Tom	X			
5. EVANS, Cindy	X			
6. HASHEM, Mark J.	X			
7. NISHIMOTO, Scott Y.	X			
8. TOKIOKA, James Kunane	X			
9. TSUJI, Clift	X			
10. MARUMOTO, Barbara C.	X			
11. PINE, Kymberly Marcos	X			
TOTAL (11)	11	—	—	—

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: _____



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