

Honolulu, Hawaii

April 5, 2012

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2457, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to improve efficiency in the state procurement process by:

- (1) Requiring the State Procurement Office to keep statistics on solicitations and awards protested for the purpose of improving procurement procedures;
- (2) Temporarily allowing the governor or a mayor to exempt a procurement for a construction or design-building contract under the governor or mayor's jurisdiction from protest and administrative review;
- (3) Requiring, as a condition of the exemption, that bids and proposals, but not trade secrets or other proprietary data, be released for public inspection;
- (4) Imposing time limits on rendering administrative and judicial review decisions;



- (5) Limiting protests to those circumstances where damages are a minimum specified amount based on the contract value; and
- (6) Requiring the posting of a protest bond, to be forfeited if the protesting party does not prevail.

The Building Industry Association of Hawaii, Hawaii Laborers-Employers Cooperation and Education Trust, and General Contractors Association of Hawaii testified in support of this measure. The State Procurement Office; Office of Administrative Hearings of the Department of Commerce and Consumer Affairs; Department of Transportation; Department of Budget and Fiscal Services of the City and County of Honolulu; S & M Sakamoto, Inc.; LYZ, Inc.; Waltz Engineering, Inc.; and Ralph S. Inouye Co., Ltd. provided comments on this measure.

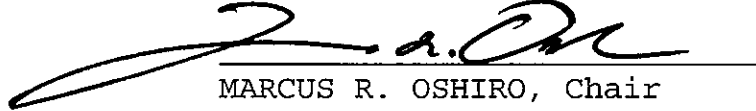
Your Committee has amended this measure by:

- (1) Allowing the time limits for the Chief Procurement Officer or a designee, prior to an administrative hearing, to settle or resolve a protest or to issue a written decision to uphold or deny the protest to be extended for reasonable cause by the Chief Procurement Officer;
- (2) Changing the effective date to June 30, 2012; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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



Respectfully submitted on  
behalf of the members of the  
Committee on Finance,

  
MARCUS R. OSHIRO, Chair



