



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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**COMMENTS
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS**

February 23, 2012

9:00 a.m.

SB 2239

RELATING TO ECONOMIC DEVELOPMENT.

Chair Ige, Vice-Chair Kidani, and committee members, thank you for the opportunity to submit comments on SB 2239. This bill would allow an exemption from HRS chapter 103D, Hawaii Public Procurement Code, for the selection of grant applicants for the community-based economic development program.

The State Procurement Office opposes SECTION 2 of this bill. SECTION 2 is not appropriate because regardless of what it may be called "grants" are the awarding of public funds resulting in a contract with a private entity, and should be done in accordance with public procurement principles. The department may use the solicitation process pursuant to HRS section 103D-303, competitive sealed proposals (CSP) to award grants. The CSP process includes public notice to disclose the department's intent to seek applicants including a description of the performance or benefit required, scope or parameters of the service/activity, terms and conditions, requirements and estimated funding, criteria/evaluation factors, etc. and may be for multiple years and multiple awards to various applicants.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion or fraud in awarding of contracts. There is nothing unique or special in the awarding of grants that cannot be accommodated in the CSP process to warrant an exemption.

To legislate that any one agency should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application. SECTION 2. should be deleted.