

Honolulu, Hawaii

APR 08 2016

RE: H.B. No. 2060
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2060, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to protect the public's interest in the procurement process.

Specifically, this measure:

- (1) Establishes a fair and reasonable pricing policy for every contract action;
- (2) Clarifies that contractors are required to submit cost or pricing data and a certification of the accuracy of the data for certain change orders and contract modifications, even if the original contract award did not require cost and pricing data; and
- (3) Clarifies that the State Procurement Administrator has the authority to perform periodic compliance reviews of the procurement practices and procedures of all governmental bodies, in collaboration with the State Procurement Board.

Your Committee received written comments in support of this measure from the State Procurement Office.



Your Committee finds that a 2015 Auditor's report highlighted an example of a procurement contract award that was renegotiated and amended three times. The Auditor found that the final contract amount was six hundred eleven per cent higher than the original bid, even though there was a reduction in the scope of work provided and a one-year extension of the performance deadline. Your Committee believes that procurement reform is needed to prevent procurement mismanagement and abuse such as that described in the Auditor's report. Accordingly, your Committee believes that this measure will provide for greater transparency and oversight of procurement practices and help to preserve the integrity of the procurement process.

Your Committee notes that it intends to insert an appropriation of \$54,000 in general funds into the Senate's draft of the Supplemental Appropriations Act of 2016 for the State Procurement Office for cost and pricing analysis.

Your Committee has amended this measure by changing the effective date to July 1, 2016.

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 H.B. No. 2060, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2060, H.D. 1, S.D. 2.

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



JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 2060, HDI, SDI	Committee Referral: GVO, WAM	Date: 3/28/16		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani				/
GALUTERIA, Brickwood	/			
HARIMOTO, Breene				/
INOUYE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
TOTAL	9			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes