

Honolulu, Hawaii

March 4, 2016

RE: H.B. No. 2544
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2544, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSTRUCTION CONTRACTS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the State Procurement Office, in conjunction with the Department of Accounting and General Services, to conduct a comprehensive analysis and review of the Hawaii Public Procurement Code (Procurement Code), especially as it relates to the awarding of construction contracts, and to report its findings and recommendations to the Legislature; and
- (2) Appropriate funds for the comprehensive review and analysis.

The Department of Transportation, General Contractors Association of Hawaii, and Chamber of Commerce Hawaii provided testimony in support of the measure. The State Procurement Office and Subcontractors Association of Hawaii provided comments.

Your Committee has amended this measure by further focusing and streamlining the scope of the State Procurement Office's analysis and review of the Procurement Code by:



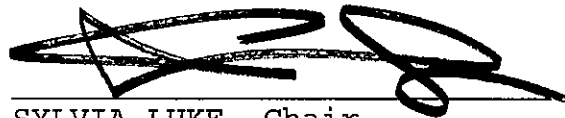
- (1) Specifying that the analysis and review of the Procurement Code:
 - (A) Only pertain to construction contracts; and
 - (B) Include a review of federal procurement laws, particularly Federal Acquisition Regulation Chapter 36; and
- (2) Addressing issues and concerns raised by a report submitted to the Legislature on April 14, 2015, by a Task Force established pursuant to Senate Concurrent Resolution No. 92, Senate Draft 2, Regular Session of 2013, which was also aimed at improving the economy, efficiency, and effectiveness of the Procurement Code.

Your Committee has also amended this measure by:

- (1) Extending the deadline for the State Procurement Office's final report by an additional year; and
- (2) Making technical, nonsubstantive changes 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 H.B. No. 2544, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2544, H.D. 2.

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



SYLVIA LUKE, Chair



