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## A BILL FOR AN ACT

RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1           SECTION 1. Section 227D-7, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3           "(b) The authority shall not be subject to the  
4 requirements of [~~chapter~~]:

5           (1) Chapter 103 for project agreements, construction  
6           contracts, retail concession or tour-related  
7           contracts, or other contracts unless a project  
8           agreement with respect to a project or research and  
9           technology park shall require otherwise[-]; and

10           (2) Chapter 103D for the purchase of replacement parts and  
11           repair and maintenance services for equipment  
12           associated with the seawater delivery system, unless a  
13           project agreement with respect to a project or  
14           research and technology park requires otherwise."

15           SECTION 2. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

*Hyakushima*  
*Nicole E. Lauer*

JAN 23 2015



# H.B. NO. 712

**Report Title:**

Natural Energy Laboratory of Hawaii Authority; Procurement;  
Seawater Systems

**Description:**

Exempts NELHA from the state procurement code when purchasing replacement parts and repair and maintenance services for equipment associated with the seawater delivery system unless agreement requires otherwise.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*





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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEES  
ON  
ECONOMIC DEVELOPMENT & BUSINESS  
TOURISM  
FEBRUARY 13, 2015, 9:00 A.M.

HB 712

RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

Chair Kawakami, Chair Brower, Vice-Chair Kong, Vice-Chair Ohno, and members of the committee, thank you for the opportunity to submit testimony on HB NO. 712. The State Procurement Office's (SPO) comments concern the allowance of a blanket procurement exemption for the Natural Energy Laboratory of Hawaii Authority (NELHA) by amending SUBSECTION (b) of the Hawaii Revised Statutes (HRS) Section 227D-7.

The SPO opposes the amendment in SUBSECTION (b) proposing to exempt the replacement parts and repair and maintenance services for equipment associated with the seawater delivery system from HRS chapter 103D, Hawaii Public Procurement Code (Code). The Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process which is vital to good government.

One of public procurement's primary objectives is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion or fraud in the awarding of contracts. But, another critical objective is to ensure disclosure and public visibility into the way tax-payer dollars are being spent. As such, along with open competition the Code provides safeguards to ensure procurement integrity, determination of fair and reasonable pricing, public notice, and transparency.

While SPO understands that for certain equipment the procurement of replacement parts may be challenging. The SPO maintains that the Code is flexible enough to address those situations in the current, allowable methods of procurement, thus avoiding a full exemption from all Code requirements.

Therefore, SPO would be unable to support a wholesale exemption from the procurement code for a requirement that can be provided for within the current parameters of the Code.

The SPO opposes the proposed amendment to HRS SECTION 227D-7.

Thank you.