Honolulu, Hawaii
February 16, 2018

RE: H.B. No. 2581 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2018 State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2581 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC-PRIVATE PARTNERSHIPS," begs leave to report as follows:

The purpose of this measure is to assist the State and county governments in undertaking certain capital improvement projects in a more cost-effective and efficient manner by:

- (1) Establishing the Office of Public-Private Partnership within the Department of Accounting and General Services to support State and county agencies in the use of best practices in contracting for public-private partnerships, and to appropriate funds for its establishment; and
- (2) Adding design-build-operate-maintain and design-build-finance-operate-maintain project delivery methods to the Hawaii Public Procurement Code and related conditions and requirements.

The Office of Planning, Department of Transportation, Department of Budget and Fiscal Services of the City and County of Honolulu, Ulupono Initiative, Ho'omanapono Political Action Committee, Association for the Improvement of American Infrastructure, and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii testified in support of this measure. The Department of Business, Economic Development and Tourism, State Procurement Office, and Building Industry Association of Hawaii testified in support of the intent of this measure. The United Public Workers, AFSCME, Local 464, AFL-CIO, testified in opposition to this measure. The Department of Accounting and General Services and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO provided comments.

Your Committee notes that this measure is a work in progress and that a number of issues still need to be addressed, including clarification of the term "operation" as it pertains to public-private partnerships, particularly for the development of public facilities. Your Committee also finds that developing guiding principles for the Office of Public-Private Partnership to follow may address some of these concerns. Nevertheless, your Committee finds that this measure deserves further consideration and that these concerns can be addressed as the measure continues to make its way through the legislative process.

Your Committee has amended this measure by:

- (1) Adding to the duties of the Office of Public-Private
 Partnership the provision of best practice processes for
 resolving contract disputes, including alternative
 dispute resolution and mediation;
- (2) Requiring the Department of Accounting and General Services, in coordination with the Office of Public-Private Partnership, to submit an annual report to the Legislature and specifying the information the report shall contain;
- (3) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2581, as amended herein, and recommends that

STAND. COM. REP. NO. 696 -18 Page 3

it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2581, H.D. 1.

Respectfully submitted on behalf of the members of the Committee on Economic Development & Business,

CINDY EVANS, Chair

State of Hawaii House of Representatives The Twenty-ninth Legislature HSCR 686-18

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: Commi HB 258/ LA	ttee Referral: B, EDB, F	Date:	2/14/18	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. EVANS, Cindy (C)				
2. KEOHOKALOLE, Jarrett (VC)				
3. HOLT, Daniel				
4. ICHIYAMA, Linda				<u> </u>
5. JOHANSON, Aaron Ling				
6. YAMASHITA, Kyle T.				
6. YAMASHITA, Kyle T.				
7. MATSUMOTO, Lauren Kealohilani			MINISTER CONTRACTOR OF THE CON	
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TOTAL (7)	1.4			
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				