

STAND. COM. REP. NO.

96

Honolulu, Hawaii

FEB 07 2019

RE: S.B. No. 1213

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 1213 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT FILING FEE,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a funding mechanism to partially cover the costs to conduct procurement bid challenge hearings by authorizing the Department of Commerce and Consumer Affairs to assess a non-refundable filing fee upon the party initiating the bid challenge for contracts with an estimated value of \$500,000 or more.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and State Procurement Office.

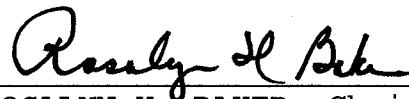
Your Committee finds that bid challenge proceedings often result in project delays, funding lapses, and project cost increases. The Office of Administrative Hearings has strict deadlines to hear and issue written decisions on procurement bid challenges, meaning they are assigned highest priority in terms of time and resources. Typically, it can take approximately one hundred hours or more for the hearings officer to complete the hearing process and issue a thoughtful and thorough decision. Despite the Department of Commerce and Consumer Affairs being tasked with this critical responsibility, no funds have been appropriated to defray the cost of these proceedings.



Your Committee further finds that the Department of Commerce and Consumer Affairs is entirely self-funded. As a result, the costs to conduct challenge hearings are paid for indirectly by the license registration fees assessed by the Department of Commerce and Consumer Affairs from registrants who have no involvement in the procurement process. The costs are, in essence, absorbed with no respective revenues to break even. This measure will require any party initiating a bid challenge for contracts of at least \$500,000 to pay the Department of Commerce and Consumer Affairs a non-refundable fee, which will be used exclusively to help defray the costs of the administrative review of bid challenges.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1213 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* <i>SB 1213</i>	Committee Referral: <i>CPH, WAM</i>	Date: <i>2/5/19</i>		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
KEOHOKALOLE, Jarrett	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt				✓
TOTAL	6			1
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