

STAND. COM. REP. NO.

1670

Honolulu, Hawaii

APR 09 2021

RE: H.B. No. 882  
H.D. 1  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committees on Government Operations, Judiciary, and Ways and Means, to which was referred H.B. No. 882, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require purchasing agencies to make a written determination that the amount of a contracting action for purchases of health and human services is fair and reasonable;
- (2) Amend the selection process and composition of the Procurement Policy Board;
- (3) Amend the circumstances for when treatment services may be purchased and the procedure to purchase such service;
- (4) Increase the small purchase threshold; and
- (5) Repeal the establishment of the Community Council on Purchase of Health and Human Services.



Your Committees received testimony in support of this measure from the State Procurement Office. Your Committees received comments on this measure from Protecting Hawaii's Ohana, Children, Under Served, Elderly, and Disabled.

Prior to decision making on this measure, your Committees made available for public review a proposed S.D. 2, which amends this measure by adding the contents of S.B. No. 1329, S.D. 2, (Regular Session of 2021), as part II, which requires the Chief Procurement Officer to expeditiously resolve any protest and creates time limits to resolve protests to the awards of competitive sealed proposal contracts and procurements of professional services.

Your Committees received testimony in support of the proposed S.D. 2 from the Department of Transportation; State Procurement Office; Hawaii Substance Abuse Coalition; and Nan, Inc. Your Committees received testimony in opposition to the proposed S.D. 2 from the Department of Human Services. Your Committees received comments on the proposed S.D. 2 from the Department of Accounting and General Services, Catholic Charities Hawai'i, General Contractors Association of Hawaii, and Hawai'i Alliance of Nonprofit Organizations.

Your Committees find that the Community Council on Purchase of Health and Human Services (Council) has not met since 2010. Your Committees further find that the Council was valuable and necessary when it was established, but since that time, the focus of health and human services procurements has changed. Therefore, it is appropriate to repeal the establishment of the Council.

After testimony and discussion, your Committees recognize that the State Procurement Office has had difficulty in obtaining members for the Procurement Policy Board (Board). Your Committees further recognize the value of requiring at least one Board member to have significant experience in construction procurement so that the Board can adequately represent the interests for which it was created.

Your Committees additionally find that the timely review and resolution of bid protests reduces the costs and facilitates the execution of state-awarded projects, especially contracts on major construction and other crucial infrastructure enhancements. Your



Committees note that existing statutes and administrative rules on procurement protests require a resolution from the procuring department or agency within forty-five days and therefore concludes that seventy-five calendar days, with an extension of forty-five calendar days for extenuating circumstances, is a sufficient period of time for review.

Accordingly, your Committees have amended this measure by adopting the proposed S.D. 2 and further amending the measure by:

- (1) Requiring that at least one member of the Board have significant experience in the field of procurement relating to construction;
- (2) Streamlining the nominating process of the Board by eliminating the nominating committee and requiring the Governor to appoint qualifying members;
- (3) Requiring the Chief Procurement Officer or designee to respond to protests to the award of construction projects valued at or over \$3,000,000 that are awarded pursuant to section 103D-302 or 103D-303 and not resolved by mutual agreement, within seventy-five calendar days;
- (4) Increasing the number of additional days for the Chief Procurement Officer or designee to respond to protests to the award of construction projects valued at or over \$3,000,000 that are awarded pursuant to section 103D-302 or 103D-303, in cases of extenuating circumstances, from thirty to forty-five calendar days; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Government Operations, Judiciary, and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 882, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 882, H.D. 1, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committees on Government  
Operations, Judiciary, and Ways  
and Means,

*Karl Rhoads*

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KARL RHOADS, Chair

*Sharon Moriwa*

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SHARON MORIWAHI, Chair

*Donovan M. DeLa Cruz*

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DONOVAN M. DELA CRUZ, Chair

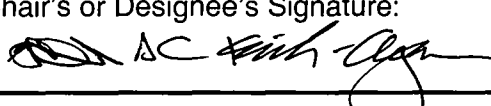






The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>HB 882, HD 1, SD 1</i>	<i>HTH/HMS, GVO/JDC/WAM</i>	<i>4/8/21</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 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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<i>11</i>			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes