

STAND. COM. REP. NO.

556

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 1391  
S.D. 1

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

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 1391 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to require the Procurement Policy Board to adopt specific rules requiring the consideration of life-cycle costs in all state procurements by December 31, 2021.

Your Committee received testimony in support of this measure from the Hawaii State Energy Office. Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services. Your Committee received comments on this measure from the State Procurement Office and KYD, Inc.

Your Committee finds that the State considers life-cycle costs when procuring those classes of items for which nationally recognized energy efficiency data have been developed and investing in products, services, construction, and other projects to lower the State's costs and to reduce energy and water consumption. According to testimony received by your Committee, the consideration of life-cycle costs in the evaluation of competitive sealed bids creates more ambiguity in construction solicitation and increases the potential for bid protests. Your Committee further finds that the consideration of life-cycle costs



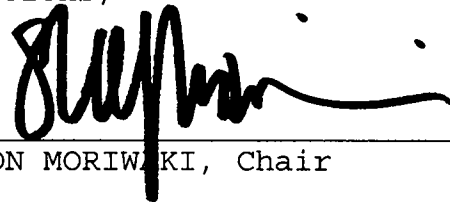
in procurement is critical to ensure economical management of the financial resources of the State and counties.

Your Committee has amended this measure by:

- (1) Amending the definition of "life-cycle costs";
- (2) Removing language that would have required the Procurement Policy Board to adopt rules to consider, specify, and quantify the life-cycle costs of goods, services, and construction procured through competitive sealed bidding; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1391, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1391, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Government  
Operations,



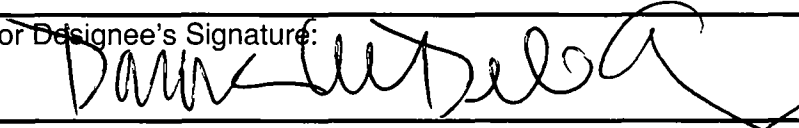
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SHARON MORIWAIKI, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:* <b>SB 1391</b>	Committee Referral: <b>GVO, WAM</b>	Date: <b>2/9/21</b>		
<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
MORIWAKI, Sharon Y. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHANG, Stanley	/			
GABBARD, Mike	/			
FEVELLA, Kurt	/			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes