Honolulu, Hawaii

FEB 18 , 2022

RE: H.B. No. 2068

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred H.B. No. 2068 entitled:

"A BILL FOR AN ACT RELATING TO HAWAII PRODUCTS,"

begs leave to report as follows:

The purpose of this measure is to exempt construction procurements from the statutory provisions in the Hawaii Public Procurement Code that incentivize contractors and subcontractors to use Hawaii products.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services, Department of Transportation, University of Hawai'i System, State Procurement Office, Department of Budget and Fiscal Services of the City and County of Honolulu, Honolulu Board of Water Supply, and General Contractors Association of Hawaii.

Your Committee finds that the purpose of section 103D-1002, Hawaii Revised Statutes, is to incentivize contractors and subcontractors to use Hawaii products to support the local industry. However, the incentive has had unintended consequences, including increased construction costs and decreased efficiency of the procurement process. Your Committee believes that exempting construction procurements from the requirements of this section

will yield potential savings in the costs of construction and reduce the effort necessary to prepare a construction bid.

Your Committee has amended this measure by changing its effective date to July 1, 2112, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2068, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2068, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

ANGUS L.K. McKELVEY, Chair

State of Hawaii House of Representatives The Thirty-first Legislature

HSCR 643-22

Record of Votes of the Committee on Government Reform

Bill/Resolution No.: HB 2068	Committee Referral:	Date		7-2
☐ 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)				
GVR Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	7			
2. WILDBERGER, Tina (VC)	7			
3. ELI, Stacelynn K.M.				
4. ICHIYAMA, Linda				
4. TelliTavia, bliua				
5. MIZUNO, John M.			iali. mati yty <u>gg</u> t	
6. WOODSON, Justin H.			W. XXIII	and the second s
7. YAMASHITA, Kyle T				
8 WARD, Gene	VIVATE OF THE STATE OF THE STAT			
TOTAL (8)	8	\otimes	\sim	8
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) Chief Clerk's Office Duplicate (Pink) – HMSO				