

STAND. COM. REP. NO.

254

Honolulu, Hawaii

FEB 12, 2021

RE: H.B. No. 376
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred
H.B. No. 376 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to allow purchasing agencies
to use the second lowest bid method for procurement.

Your Committee received testimony in support of this measure
from the Department of Transportation. Your Committee received
testimony in opposition to this measure from the Department of
Accounting and General Services and State Procurement Office.

Your Committee finds that the second lowest bid method of
procurement may allow the procurement agency to reserve the right
to reject the lowest bidder, should there be justification after
reasonable and diligent inquiry and evaluation, to support the
lowest bidder as nonresponsible and award the second lowest
bidder, which would be in the best interest of the State.

Your Committee notes that the measure as introduced may be
difficult to implement. Testimony received on this measure by
your Committee recommended moving the process in this measure to
the competitive sealed bidding process, which would be a tool for
use in the final selection of awarding contracts.

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Your Committee has amended this measure by:

- (1) Deleting language that established the second lowest bid method for procurement as a new section in the Public Procurement Code and instead, inserting language that amends the existing competitive sealed bidding process in the Public Procurement Code to allow purchasing agencies to award a contract to the second lowest responsible and responsive bidder in certain cases, as determined by the purchasing agency;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee requests your Committee on Consumer Protection & Commerce, should it choose to deliberate on this measure, to work with the State Procurement Office on the applicability of using the second lowest bid method for procurement through the competitive sealed bidding process.

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. 376, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 376, 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



