STAND. COM. REP. NO.

Honolulu, Hawaii

MAR 19 , 20 S.B. No. 1035 1031

RE: S.B. No. 103 S.D. 2 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 S.B. No. 1035, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- Establish a State Procurement Automation System Special Fund to fund the project management of the procurement automation system;
- (2) Allow the State Procurement Administrator to establish procedures for issuing the final decision on any procurement practice, procurement policy and procedures, and compliance investigations conducted by the State Procurement Office; and
- (3) Authorize the Administrator to assess and collect an administrative fee to be deposited into the State Procurement Automation System Special Fund to cover the costs of the procurement automation system.

2021-2508 SB1035 HD1 HSCR HMSO-1

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Your Committee received testimony in support of this measure from the Department of Transportation and State Procurement Office. Your Committee received comments on this measure from the Subcontractors Association of Hawaii.

Your Committee finds that a significant and growing number of statewide purchasing offices in other states operate using a selffunded model derived from a small percentage administrative fee included as part of statewide contracts. Your Committee further finds that, based on the State Procurement Office's past contract usage and the funding needed to implement and operate a statewide procurement automation project, the State Procurement Office proposes the implementation of less than a one percent administrative fee, beginning in fiscal year 2021-2022, to be implemented in large statewide cooperative agreements and used to pay for management of the procurement automation system.

Your Committee notes that concerns were raised on this measure because it would allow for the imposition of a fee with no input from affected members and the general public. Your Committee believes that to ensure government transparency, any fee created should be subject to the Hawaii Administrative Procedure Act before it is implemented.

Your Committee has amended this measure accordingly by:

- Specifying that the assessment and collection of the administrative fee be done in accordance with the Hawaii Administrative Procedure Act;
- (2) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 1035, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1035, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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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



Record of Votes of the Committee on Government Reform

Bill/Resolution No.: SB 1035, SD2 Committee Referral: GVR, CPC, FIN 3-17-21				
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Desc, unamended (as is) Desc, with amendments (HD) Desc, Hold Desc, with amendments (HD) Desc, With HD to recommit for future public hearing (recommit)				
GVR Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	7		(Crippedia)	
2. WILDBERGER, Tina (VC)	7		2.48.53 1.55 STU	
3. CULLEN, Ty J.K.	~			
4. ELI, Stacelynn K.M.				
5. ICHIYAMA, Linda				
6. MIZUNO, John M.				
7. WOODSON, Justin H.				
8. YAMASHITA, Kyle T.	/			
9. WARD, Gene				
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TOTAL (9)	10	1	À	2
The recommendation is: Image: Adopted light referral,				
Vice Chair's or designee's signature: With the signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				