

Honolulu, Hawaii  
MAR 18 , 2022

RE: S.B. No. 3040  
S.D. 2  
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  
S.B. No. 3040, 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:

- (1) Create a State Procurement Automation System Special Fund;
- (2) Authorize the Administrator of the State Procurement Office to develop and administer procurement automation systems and charge and collect a transaction fee from all vendors using the procurement automation systems;
- (3) Delete language regarding qualified community rehabilitation programs made redundant by Act 55, Session Laws of Hawaii 2021; and
- (4) Establish five full-time equivalent positions in the State Procurement Office.

Your Committee received testimony in support of this measure from the Department of Transportation, State Procurement Office,



and State Council on Developmental Disabilities. Your Committee received testimony in opposition to this measure from the Hawai'i Alliance of Nonprofit Organizations. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that government purchasing offices for several states operate using a self-funded model derived from a transaction fee ranging from one percent to 2.5 percent charged to all contracts in their respective procurement automation systems. Your Committee further finds that establishing self-funded procurement automation systems in Hawaii will maximize the administrative efficiency and resources of the State Procurement Office. Your Committee also finds funding for additional positions will be of great benefit to the State Procurement Office and will aid in the management of procurement automation systems and the Office's statutory obligations.

Your Committee has amended this measure by 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. 3040, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3040, S.D. 2, 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,



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ANGUS L.K. MCKELVEY, Chair



