STAND. COM. REP. NO. 2127

Honolulu, Hawaii

MAR 0 4 2022

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

Honorable Ronald D. Kouchi President of the Senate Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3040, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to improve procurement efficiency.

Specifically, this measure:

- (1) Authorizes the administrator of the State Procurement Office to:
 - (A) Develop and administer procurement automation systems; and
 - (B) Charge and collect a transaction fee from all vendors using the procurement automation systems;
- (2) Creates a state procurement automation system special fund;
- (3) Amends section 103D-1010, Hawaii Revised Statutes, to conform that section with amendments made by Act 55, Session Laws of Hawaii 2021; and



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(4) Establishes five full-time equivalent (5.0 FTE) positions in the State Procurement Office.

Your Committee received written comments in support of this measure from the Department of Transportation, State Council on Developmental Disabilities, and State Procurement Office.

Your Committee received written comments in opposition to this measure from the Hawaii Alliance of Nonprofit Organizations.

Your Committee received written comments on this measure from the Department of Budget and Finance and Tax Foundation of Hawaii.

Your Committee finds that the government purchasing offices of several other states are self-funded using revenues raised through transaction fees that are charged on all public contracts. Your Committee further finds that authorizing the State Procurement Office to charge a transaction fee would raise the funds necessary to develop, implement, and manage procurement automation systems.

Your Committee has amended this measure by:

- Correcting the text of section 103D-1010(a), Hawaii Revised Statutes, for consistency with the printed version of the Hawaii Revised Statutes;
- (2) Changing the amount appropriated to the State Procurement Office from \$350,000, to an unspecified sum;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3040, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3040, S.D. 2.



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Respectfully submitted on behalf of the members of the Committee on Ways and Means,

Chair DONOVAN M. DELA CRUZ,



The Senate Thirty-First Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral: Date: / /			/	
SB 3040, SD1	GNO, WAM 2/22/22				
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended X Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)		X			
KEITH-AGARAN, Gilbert S.C. (VC)		X			
INOUYE, Lorraine R.		X			
KANUHA, Dru Mamo		X			
KIDANI, Michelle N.		X			
MISALUCHA, Bennette E.		X			
MORIWAKI, Sharon Y.		X			
SHIMABUKURO, Maile S.L.		X			
TANIGUCHI, Brian T.		X			
WAKAI, Glenn		X			
FEVELLA, Kurt		X			
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TOTAL		T L			
Recommendation: X Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only <u>one</u> measure per Record of Votes