

Honolulu, Hawaii

MAR 18 , 2022

RE: S.B. No. 3350
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. 3350, 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 require that any procurement change order that increases a contract cost by more than fifty percent or substantially changes the scope of work be considered a new contract for procurement purposes, except if the head of a purchasing agency determines that approval of the change order is in the best interest of the State.

Your Committee received testimony in support of this measure from the Department of Transportation and one individual. Your Committee received comments on this measure from the Board of Directors of the Honolulu Authority for Rapid Transportation.

Your Committee finds that procurement often experiences increased costs due to change orders. Your Committee further finds that where a change order increases the contract cost by more than fifty percent, it effectively results in a new and additional procurement that bypasses the procurement process. This measure increases accountability in the procurement process while also giving purchasing agencies the flexibility to address



and mitigate unusual circumstances when it is in the best interest of the State.

Your Committee has amended this measure by:

- (1) Removing language that would have required any procurement change order that substantially changed the scope of work of a contract to be considered a new contract for procurement purposes; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee is still very concerned that mandating a new bidding contract, if the scope increases by fifty percent or more, could create long delays for the projects by having to go through the entire bidding process again, and a large important project, such as the Kihei High School project, could be further delayed if this measure were enacted. Your Committee respectfully requests your Committee on Consumer Protection & Commerce, should it choose to deliberate this measure, to reexamine these concerns.

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. 3350, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3350, 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,



ANGUS L.K. MCKELVEY, Chair



