

Honolulu, Hawaii

FEB 14 2022

RE: S.B. No. 3369  
S.D. 1

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

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 3369 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a working group under the State Procurement Office to develop a plan for the phased consolidation of procurement services and staff within executive branch agencies within a five-year timespan, excluding the Department of Education, Hawaii Health Systems Corporation, and University of Hawaii; and
- (2) Appropriate moneys to the State Procurement Office to support the activities of the working group.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services. Your Committee received comments on this measure from the State Procurement Office and Department of Budget and Finance.

Your Committee finds that procurement activities throughout the State may not be consistently compliant with applicable statutory law and administrative rules. Your Committee also finds that procurement, particularly in the area of construction,



requires highly specialized expertise. Many purchasers conduct procurement activities as part of their "other duties as assigned" and have minimal training and experience in public procurement. This can lead to mistakes resulting in increased costs to the government. Your Committee therefore finds that efforts to consolidate executive branch procurement has the potential to decrease costs to the government and taxpayers by providing dedicated staffing with the necessary procurement experience and training.

Your Committee further finds that the executive branch currently operates a decentralized procurement regime, in which each department is delegated procurement authority. Your Committee notes that, according to the Department of Accounting and General Services, certain departments have unique procurement requirements, particularly with respect to grants and federal funds, that may complicate consolidation efforts.

Your Committee additionally finds that testimony from the State Procurement Office indicates that it is currently experiencing a staffing shortage and would therefore benefit from extending the lifespan of the working group, so that it may adequately support the working group. This testimony also indicated that the Office of Hawaiian Affairs has its own Chief Procurement Officer and should therefore be added to the list of departments to be excluded from any consolidation.

Accordingly, this measure is necessary to study and develop a cogent and responsible plan for the phased consolidation of certain executive branch procurement services and staff, taking into account the unique aspects of procurement for each department, with the overarching goals of increasing competency and expertise, efficiency, and transparency in the public procurement process.

Your Committee has amended this measure by:

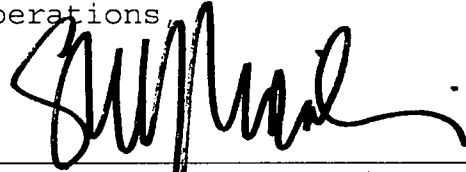
- (1) Excluding the Office of Hawaiian Affairs from the Procurement Services Consolidation Plan;
- (2) Requiring that the working group submit an interim report prior to the Regular Session of 2023 and a final report prior to the Regular Session 2024;



- (3) Extending the working group dissolution date by one year, to June 30, 2024;
- (4) Amending section 1 to reflect its amended purpose; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3369, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3369, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Government  
Operations.



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SHARON MORIWAKI, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:* <b>SB 3369</b>	Committee Referral: <b>GVO, WAM</b>	Date: <b>2/1/22</b>
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The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	X			
DELA CRUZ, Donovan M. (VC)	X			
CHANG, Stanley	X			
GABBARD, Mike	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>5</b>			

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature:

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**\*Only one measure per Record of Votes**