

STAND. COM. REP. NO. 1427-22

Honolulu, Hawaii

MAR 24 , 2022

RE: S.B. No. 3372
S.D. 1
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 3372, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to authorize, where it is determined that a solicitation or award of a contract is in violation of law, the government contract to be rescinded and awarded to the next lowest responsive, responsible bidder to whom the contract would have been awarded were it not for the violation of law.

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.

Your Committee finds that under existing law, when the Office of Administrative Hearings determines that a public works contract was improperly awarded, the Office's only remedy is to terminate the contract. Terminating the contract delays the procurement process, as a department must then re-issue the solicitation. This measure is intended to ensure a fair process and prevent further delays by expanding the remedial powers of the Office of

2022-2484 SB3372 HD2 HSCR HMSO



Administrative Hearings in situations where an award of a contract is in violation of the law.

Your Committee has amended this measure by:

- (1) Clarifying that the ability of the Office of Administrative Hearings to terminate a contract applies only if the award, not the solicitation, is in violation of law;
- (2) Specifying the requirements for such a contract to be awarded, based on whether the solicitation was issued pursuant to the competitive sealed bidding process or competitive sealed proposal process; 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3372, S.D. 1, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 3372, S.D. 1, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



AARON LINC JOHANSON, Chair



