

STAND. COM. REP. NO.

1080

Honolulu, Hawaii

MAR 19 , 2021

RE: S.B. No. 788
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred
S.B. No. 788, 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 amend the State Procurement
Code to increase economy, efficiency, effectiveness, and
impartiality in public procurement by:

- (1) Allowing selection committees for the procurement of
professional services the flexibility to weigh the
selection criteria in the order of importance relevant
to their agency and project;
- (2) Requiring the State Procurement Office to develop a
vendor performance information system;
- (3) Providing the head of a purchasing agency with the
option to negotiate an adjustment of an otherwise
successful bid for construction procurements to more
closely align with an internal project price estimation;
- (4) Allowing a bidder of a public works construction project
to clarify and correct non-material or technical issues

2021-2504 SB788 HD1 HSCR HMSO-1



with subcontractor listings for up to twenty-four hours after the bid submission deadline; and

- (5) Requiring bids for construction to be publicly opened no sooner than twenty-four hours after the bid submission deadline.

Your Committee received testimony in opposition to this measure from the Department of Design and Construction of the City and County of Honolulu; Painting Industry of Hawaii Labor Management Cooperation Trust Fund; Hawaii Tapers Market Recovery Trust Fund; Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund; Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund. Your Committee received comments on this measure from the Department of Accounting and General Services; Department of Transportation; State Procurement Office; Subcontractors Association of Hawaii; Plumbing and Mechanical Contractors Association of Hawaii; Plumbers and Fitters UA, Local 675; and General Contractors Association of Hawaii.

Your Committee finds that House Resolution No. 142, Regular Session of 2016 (House Resolution No. 142), requested the State Procurement Office to improve the State's procurement process by reviewing Hawaii's procurement laws in comparison to federal procurement law and consider the efficient and effective ways in which the federal government conducts its procurement process. This measure seeks to amend the State Procurement Code by implementing certain recommendations made by the State Procurement Office's review of Hawaii procurement laws conducted pursuant to House Resolution No. 142.

Your Committee notes the concerns raised on this measure, that it could cause an unforeseen breakdown in the procurement process and dramatically reduce the number of qualified subcontractors from bidding on state projects. As such, your Committee has amended this measure to address the concerns that were raised by the stakeholders during the hearing.

Your Committee has amended this measure by:

- (1) Specifying that a bidder is prohibited from changing the nature and scope of work as listed when clarifying or




correcting non-material or technical information after a bid submission;

- (2) Changing its effective date to July 1, 2112, to encourage further discussion; 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 Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 788, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 788, 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



