

STAND. COM. REP. NO.

**3267**

Honolulu, Hawaii

**MAR 22 2024**

RE: H.B. No. 2496  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred H.B. No. 2496, H.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:

- (1) Authorize an alternative procurement method when the federal government provides for or approves the method and the head of the purchasing agency makes a written determination that it is neither practicable nor advantageous to use the existing statutory procurement methods; and
- (2) Amend the methods of source selection under section 103D-301, Hawaii Revised Statutes (HRS), to allow for alternative procurement methods.

Your Committee received comments on this measure from the Department of Transportation and State Procurement Office.

Your Committee finds that the Hawaii Public Procurement Code was created to promote competition, prevent favoritism and corruption, and increase transparency in government, among other things. Under existing law, all public contracts must be awarded



in accordance with certain methods of source selection established under section 103D-301, HRS. However, your Committee recognizes that there are situations that may arise that make it impracticable or disadvantageous for the purchasing agency to utilize any of the established methods of procurement for construction. This measure will allow the use of alternative procurement methods to eliminate or reduce added costs from change orders or limit the amount of change orders during the administration of contracts for unique, complex, or schedule-critical construction projects, resulting in substantial cost savings and other benefits to the State.

Your Committee notes the concerns raised in testimony that, although section 103D-102(b)(4), HRS, provides for situations when it is not practicable or not advantageous for purchasing agencies to utilize one of the six methods of procurement under section 103D-301, HRS, the statute only provides for the procurement of goods and services.

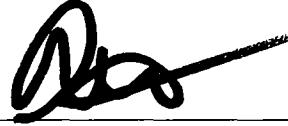
Accordingly, your Committee has amended this measure by:

- (1) Inserting language that exempts government contracts to procure certain construction projects from the Hawaii Public Procurement Code;
- (2) Inserting an effective date of July 1, 2491, to encourage further discussion; and
- (3) 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 H.B. No. 2496, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2496, H.D. 1, 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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ANGUS L.K. MCKELVEY, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

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

Bill / Resolution No.:* <b>HB 2496 HD1</b>	Committee Referral: <b>GVO, WAM</b>	Date: <b>March 19, 2024</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
SAN BUENAVENTURA, Joy A.	✓			
WAKAI, Glenn	✓			
AWA, Brenton	✓			
<b>TOTAL</b>	5	—	—	—
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes