

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
STATE PROCUREMENT OFFICE

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**TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE SENATE COMMITTEE
ON
GOVERNMENT OPERATIONS
JANUARY 28, 2025; 3:00 PM**

**SENATE BILL 383
RELATING TO PROCUREMENT**

Chair McKelvey, Vice Chair Gabbard, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 383. The State Procurement Office (SPO) respectfully opposes this bill, which increases the threshold in which an electronic procurement system is required to be used. These changes impact the purpose of the Hawaii Procurement Code, which is "to foster effective broad-based competition within the free enterprise."

Raising the minimum threshold to \$50,000 to be conducted on an eProcurement system would result in less transparency, reduced competition which may lead to increased costs, procurement irregularities, and higher risk of parceling which is the artificial division of goods, services, and construction in order to evade the statutory competitive requirement.

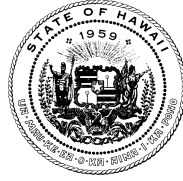
Procurements less than \$50,000 may not be viewable or available to all vendors that could be considered, and requests for quotes or bids or even proposals may be solicited to the limited group that a procuring agency deemed to be on "favorites" list.

As the table indicates, there are a number of substantial transactions which fall into this category. That is \$15 MILLION to \$18 MILLION in transactions each fiscal year that would be impacted.

Fiscal Year	Small Purchase Transactions Under \$50,000	Awarded Amounts
2023	728	\$18,140,833.27
2024	662	\$15,947,218.44

All jurisdictions should be utilizing technological advances rather than resorting to labor-intensive, manual processes. Reverting to dated manual processes is contrary to enhancing operation efficiencies. Procurement automation is one way to supplement processes in the wake of labor shortages. By using an electronic procurement system, accurate procurement data should be immediately available to jurisdictions, negating the need for agencies to compile data manually.

Thank you for the opportunity to submit testimony on this measure.



STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
'OIHANA HALE WAIHONA PUKE AUPUNI O KA MOKU'ĀINA O HAWAII
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Tuesday, January 28, 2025

3:00 pm

Conference Room 225 & Videoconference

**By Stacey A. Aldrich
State Librarian**

S.B. 383 RELATING TO SMALL PURCHASES

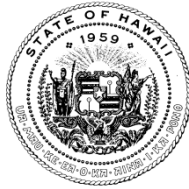
To: Sen. Angus L.K. McKelvey, Chair
Sen. Mike Gabbard, Vice Chair
Members of the Senate Committee on Government Operations

The Hawaii State Public Library System (HSPLS) **supports** S.B.383, which raises the procurement threshold for small purchases from \$25,000 to \$50,000.

The cost of supplies, equipment, construction materials and services have risen rapidly, and the current procurement threshold creates a hindrance in managing the volume and diversity of the Hawaii State Public Library System's buying activities. The proposed \$50,000 procurement threshold is a sensible response to today's purchasing environment and the increased cost of supplies and materials, particularly with respect to necessary repairs and maintenance at our facilities.

Thank you for the opportunity to provide testimony on S.B. 383.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



LATE

EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

January 28, 2025
3:00 p.m.
State Capitol
Conference Room 225 & Videoconference

S.B. 383
RELATING TO SMALL PURCHASES

The Senate Committee on Government Operations

The Department of Transportation **supports** the bill that proposes to increase the minimum amount for small purchase procurements from \$25,000 to \$50,000, and the procurement report to the legislature.

The amendment to Section 103D-305, Hawaii Revised Statutes, to increase the minimum amount for small purchase procurements to \$50,000 to less than \$250,000 because of the increase in costs to goods and services aligns with the procurement code as the competition requirements remain.

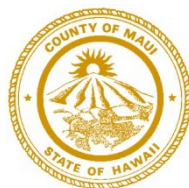
At times, there is need to procure a limited number of quantities or a limited amount of services which do not rise to the quantities for formal Invitation for Bids and this proposed bill allows for the operations to continue for this limited use.

Thank you for the opportunity to provide testimony.

LATE

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
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TO: Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice Chair
Committee on Government Operations

FROM: Richard T. Bissen, Jr., Mayor
Marcy Martin, Director of Finance

DATE: January 27, 2025

SUBJECT: **SUPPORT OF SB383, RELATING TO SMALL PURCHASES**

Thank you for the opportunity to testify in **SUPPORT** of this important measure. The Act increases the minimum amount for purchases constituting small purchase procurements from \$25,000 to \$50,000 and requires the state procurement office to submit a report to the legislature on the efficacy of the increased procurement amounts.

We **SUPPORT** this measure for the following reasons:

1. This bill will allow the County to more efficiently and quickly obtain smaller-dollar goods, services, and construction using existing, tried-and-tested methods, without increasing turnaround time or the workload on existing staff that would be required if utilizing an electronic system to obtain quotes.
2. This bill would still allow for adequate competition, which is already limited given our geographical location. Vendors who already submit both written and verbal quotes for small purchases are typically the same vendors submitting formal bids electronically

Mahalo for your consideration.