STAND. COM. REP. NO. 2152

Honolulu, Hawaii

Feb. 16

, 2006

RE:

S.B. No. 2896

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Transportation and Government Operations, to which was referred S.B. No. 2896 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to amend the Hawaii public procurement code provisions on exempt agencies and purchases.

Specifically, the measure:

- (1) Requires exempt agencies to have written procurement policies, procedures, and ethics;
- (2) Requires exempt agencies to document purchases for audit;
- (3) Requires a legislative bill exempting an agency to contain legislative findings of necessity; and
- (4) Allows an agency to supplement procurement training if there is no effect on the budget.

Your Committee received testimony in support of this measure from the State Procurement Office (SPO).

This measure is a result of joint legislative hearings held during the interim. Testimony indicated, among other things, that the SPO had no information on the procurement practices of exempt

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agencies, and that the Auditor was impeded in auditing an exempt agency due to a lack of documentation. Your Committee is also concerned about the plethora of agencies that were granted statutory exemptions without sufficient consideration.

This measure is intended to bring a degree of openness and evenness in government procurement in order to fortify public confidence in governmental purchases that are paid for from taxpayer moneys.

Your Committee has amended this measure on the recommendation of the SPO by:

- (1) Requiring that contract awards made by exempted agencies be posted on the SPO's website to ensure public disclosure; and
- (2) Making clarifying amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2896, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Transportation and Government Operations,

LORRAINE R. INQUYE, Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Transportation and Government Operations (Bills and Resolutions)

Measure:* \$\ \$\ 28\%	Committee Referral:		Date:	Date: 2/6/06	
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:					
The Recommendation is to:					
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)					
Members		Ayes	Ayes(WR)	Nays	Excused
INOUYE, Lorraine R. (C)		V_			
ESPERO, Will (VC)					North Age (
BAKER, Rosalyn H.					
HEE, Clayton					
KANNO, Brian MENOR, Ron			91 . Ca.		
WHALEN, Paul		./			
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TOTAL		4			3
Recommendation: Adopted			Not Adopted		
Chair's or Designee's Signature: Will Expro					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

^{*}Do not list more than one measure per Record of Votes.