STAND. COM. REP. NO. 2153

Honolulu, Hawaii

Feb. 16

, 2006

RE:

S.B. No. 2897

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. 2897 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to increase the small purchases threshold under the Hawaii public procurement code from \$25,000 to \$50,000.

Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation. Testimony in opposition was received from the State Procurement Office. Comments were received from the Department of Accounting and General Services (DAGS).

This measure brings into line the reality of the costs of goods and services with the threshold of small purchase contracts. It is the intent of your Committee to facilitate procurements from smaller businesses by providing flexible and expedient purchases of smaller amounts.

Your Committee remains concerned about the potential for abuse and fraud by raising the limit to \$50,000. To maintain open and fair competition in small purchases, your Committee has amended this measure on the recommendation of DAGS by:

(1) Requiring small purchases to be negotiated over the Internet; and



(2) Requiring the selection of a vendor from pre-qualified lists of vendors from whom bids or offers are solicited randomly.

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. 2897, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2897, S.D. 1, and be referred to the Committee on Ways and Means.

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

The Senate Twenty-Third Legislature State of Hawaii

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

Measure:* SB 2897	Committee Re		↑ Date:	2/6/0	b
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)	; H.B.;			n kasili nga dan	
ESPERO, Will (VC)				1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
BAKER, Rosalyn H. HEE, Clayton			ii light on the	, - 278, - en-	
KANNO, Brian		<u> </u>	n et ilitare	. ' "	
MENOR, Ron	in the second			, id. 2 s.a. 3 december 1	
WHALEN, Paul		/			<u> </u>
		v j strukud k		160 GBs	Section 1988
	frair Adiosa				
	6.43 (1.56) (1.66)			ta edil esseti	
TOTAL		4			3
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

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