

Honolulu, Hawaii

April 27, 2007

RE: S.B. No. 1929
S.D. 2
H.D. 2
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1929, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC PROCUREMENT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to allow the Chief Procurement Officer to assess administrative fines for noncompliance with the Hawaii Public Procurement Code.

Your Committee on Conference finds that existing law does not provide for the assessment of administrative fines for noncompliance with procurement laws. While a criminal misdemeanor sanction applies to providers of services and vendors of goods for violation of the procurement code, there are no administrative sanctions for anyone whose actions may not warrant criminal prosecution. Furthermore, criminal sanctions are rarely utilized inasmuch as most



procurement violations are usually inadvertent, a result of administrative error, lack of knowledge, or simple carelessness.

This measure is intended to address situations wherein an agency's inappropriate procurement decision or action appears to be a lack of concern to adequately understand the seriousness of the violation. In these flagrant but infrequent situations, the authority to assess an administrative fine will help to emphasize the importance of compliance with the State's procurement code.

Your Committee on Conference has amended this measure by:

- (1) Deleting the provision requiring the procurement policy board to establish proposed administrative rules for submission to the Legislature;
- (2) Deleting the repeal of the misdemeanor penalty; and
- (3) Changing the effective date from July 1, 2034 to upon its approval, with the proviso that the repeal of the criminal penalty takes effect on the day that the administrative rules on fines take effect, in order to maintain the criminal penalty during the transition.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1929, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1929, S.D. 2, H.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:


ON THE PART OF THE HOUSE

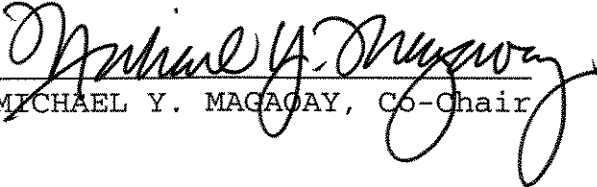
ON THE PART OF THE SENATE


KYLE T. YAMASHITA, Co-Chair


CLARENCE K. NISHIHARA, Chair


TOMMY WATERS, Co-Chair




SHAN S. TSUTSUI, Co-Chair


MICHAEL Y. MAGAOAY, Co-Chair



Hawaii State Legislature

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: SB 1929, SD 2, HD 2					Date/Time: 4.27.06 1:08 pm				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
NISHIHARA, Clarence K., Chr.	/				YAMASHITA, Kyle T., Co-Chr.	/			
TSUTSUI, Shan S., Co-Chr.	/				WATERS, Tommy, Co-Chr.				/
KIM, Donna Mercado	/				MAGAOAY, Michael Y., Co-Chr.	/			
TRIMBLE, Gordon				/	CHING, Corinne W.L.	/			
TOTAL	3	0	0	1	TOTAL	3	0	0	1
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution: Original					Yellow				
File with Conference Committee Report					House Clerk's Office				
					Pink				
					Senate Clerk's Office				
					Goldenrod				
					Drafting Agency				