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Statement of  
**THEODORE E. LIU**  
Director  
Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEES ON LEGISLATIVE MANAGEMENT**

Tuesday, March 19, 2008

2:00 P.M.

State Capitol, Conference Room 423

in consideration of

**SB 2845, SD2  
RELATING TO REORGANIZATION OF STATE AGENCIES.**

Chair Magaoay, Vice Chair Tokioka, and Members of the  
Committee.

Senate Bill No. 2845, SD2, Relating to Reorganization of State Agencies, directs the Legislative Reference Bureau to research the responsibilities of state agencies that are integral to achieving state energy objectives; identify any duplication or deficiency in the state agencies' responsibilities; research how other states address similar deficiencies in the administration of their energy policies; and make recommendations regarding how the state agencies can be reorganized to advance the long-term energy strategy.

The Department of Business, Economic Development, and Tourism understands the concept behind SB 2845, SD2. However, we respectfully cannot support this bill in its current form because

of the significant resource implications of such a study, including staff time and attention, and funding that will of necessity be diverted from the agencies whose missions are to achieve the objectives sought by the proposed measure.

DBEDT has limited available staff and resources that can be focused on implementation of the Hawaii Clean Energy Initiative (HCEI), as we are still supporting existing federal grant programs such as the State Energy Program and Special Projects grants that support the SEP. Therefore, a Legislative Reference Bureau study at this time may not only be premature, but may take resources away from implementation of the HCEI.

The department respectfully suggests that the Legislature's goal of advancing a comprehensive energy strategy and to achieve the state energy objectives are already within the scope of the existing agencies, and that more can be accomplished now by agencies working together within our existing organizational structure.

Thank you for the opportunity to offer these comments.

LINDA LINGLE  
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TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
LEGISLATIVE MANAGMENT

March 19, 2008

SB 2845, SD 2

RELATING TO REORGANIZATION OF STATE AGENCIES.

Chair Magaoay, Vice Chair Tokioka and committee members, thank you for the opportunity to testify on S.B. 2845, SD 2. The State Procurement Office's (SPO) testimony is limited to Section 3, which provides that any contract pursuant to SB 2845, SD 2, shall be a "non-bid" contract exempt from chapter 103D, Hawaii Revised Statutes.

The SPO does not support the language to exempt from HRS chapter 103D, any contract issued pursuant to this bill.

Statutory exemptions are contrary to the Hawaii Public Procurement Code (Code), section 103D-102, HRS, on the applicability of the chapter that states in part "... shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, ..." Any governmental agency with the authority to expend funds should be in compliance with Chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement.

The SPO is against statutorily exempting specific purchases from the Code, as it is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable set of rules and processes for award of contracts. The competitive procurement processes of the Code are to insure that all potential providers are afforded the opportunity to compete for the required services. To the extent agencies may need specific purchases to be exempted from Code requirements, the Code provides an exemption process.

The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly to obtain its requirements. It was the legislature's intent for the Code to be a single source of public procurement policy. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic for the administration and vendors/contractors that must comply with a variety of processes. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules.

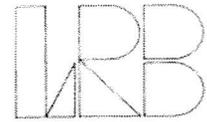
In conclusion, there is no compelling reason to statutorily exempt from the Code any contract pursuant to SB 2845, SD 2. The SPO recommends amending Page 6, line 22 and Page 7 lines 1 and 2, as follows:

Section 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$            or so much thereof as may be necessary for fiscal year 2008-2009 to carry out the purposes of this Act. ~~Any contract issued under this Act shall be exempt from the requirements of chapter 103D, Hawaii Revised Statutes.~~

Thank you.

Ken H. Takayama  
Acting Director

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LEGISLATIVE REFERENCE BUREAU  
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**SB2845, SD2**  
**RELATING TO REORGANIZATION OF STATE AGENCIES**

Testimony by the Legislative Reference Bureau  
Ken H. Takayama, Acting Director  
or Charlotte A. Carter-Yamauchi, Assistant Director for Research

Presented to the House Committee on Legislative Management

Wednesday, March 19, 2008, 2:00 p.m.  
Conference Room 423

Chair Magaoay and Members of the Committee:

Thank you for this opportunity to testify on S.B. No. 2845, S.D. 2. The Bureau takes no position for or against the measure but submits the following comments.

This bill calls for the Legislative Reference Bureau (Bureau) to conduct a study to recommend the most effective and efficient options for reorganizing the state agencies responsible for issues relating to energy. The bill also appropriates an unspecified amount of funds to enable the Bureau to hire a contractor for the study. Findings and recommendations are required to be submitted prior to the convening of the 2009 regular session of the Legislature.

As always, if the Legislature wants us to do this study, we will do it to the best of our abilities with the resources that we have and are otherwise provided us.

This S.D. 2 version of the bill provides straightforward direction for a study that appears to be manageable in scope. The bill is essentially the same as House Bill No. 2506, H.D. 1, except for the fact that this bill's appropriation amount is unspecified.

Thank you very much for this opportunity to comment.

*HAWAII RENEWABLE ENERGY ALLIANCE*

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TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII  
RENEWABLE ENERGY ALLIANCE BEFORE THE  
HOUSE COMMITTEE ON LEGISLATIVE MANAGEMENT

SB 2845 SD2, RELATING TO ENERGY

March 19, 2008

Chair Magaoay, Vice-Chair Tokioka and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of HREA's goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purposes of SB 2845 SD2 are to direct the Legislative Reference Bureau to conduct a study on Hawaii's most effective and efficient options to reorganize state agencies tasked with issues relating to energy and environmental protection. HREA strongly supports this bill with the following comments:

1. Priority. Our state's need to reduce its dependence on imported energy and to increase its energy security is a very high priority. In that regard, we recommend that the Legislative Reference Bureau ("LRB") focus its attention on the formation of a state Department of Energy;
2. Coordination. HREA also believes coordination among all state agencies with energy objectives and/or activities is a high priority, and consider recommending that the Dept. of Energy be given the key role coordination role; and
3. Accountability. Finally, we recommend that LRB examine the role the new Dept. of Energy would have in implementing state energy policy, and specifically with respect to the existing roles of the Public Utility Commission and Division Consumer Advocacy (Dept. of Commerce and Consumer Affairs).

Thank you for this opportunity to testify.