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TESTIMONY
OF
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TO THE
HOUSE COMMITTEE
ON
ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS

March 19, 2009

9:15 AM

SB 705, SD 1

RELATING TO HAWAII PUBLIC PROCUREMENT CODE.

Chair McKelvey, Vice-Chair Choy and committee members, thank you for the opportunity to testify on SB 705, SD 1.

The State Procurement Office (SPO) understands the intent of SECTION 1 is to allow state governmental agencies to contract with a Federal approved sole source vendor when expending federal funds or authorized matching state funds when the requirements of the procurement code are not applicable.

The SPO proposes the following amendment to §103D-102(b)(2) to add a new subsection for this purpose, to read as follows:

- (H) As loans, under loan programs administered by a governmental body; ~~and~~
- (I) For contracts awarded in accordance with chapter 103F; ~~and~~
- (J) For contracts to a contractor approved as a sole source contractor by the federal government, funded by federal funds with or without matching state funds; provided the approved contractor was responsible for obtaining the federal funding.

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SPO supports the intent of Part II provided as required in HRS 103D-305(b) that small purchases \$25,000 and above be conducted through an electronic procurement system. All awards should be solicited on an electronic procurement system to ensure all registered vendors, contractors, and service providers have equal opportunity to receive requests for quotes.

Solicitations should be conducted on an electronic procurement (eProcurement) system that, at a minimum has the functionality of electronic notification of registered vendors, contractors, and service providers, electronic receipt of responses and electronic notification of award. Electronic procurement is an efficient process that ensures openness and transparency of the solicitation process, increases competition resulting in competitive pricing and the most return on funds. An eProcurement system facilitates accountability in that the activity is documented, such as recording release date and time, vendors to whom notice was sent, vendors responses and awards.

Further, the SPO's Hawaii electronic procurement system (HePS) maintains a permanent record of all vendors, contractors, and service providers who applied for a solicitation and their responses, and documents justifications for award selection entered by the agency.

Thank you.