

Honolulu, Hawaii

MAR 23 2016

RE: H.B. No. 2060
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred H.B. No. 2060, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require chief procurement officers to assist and cooperate with the State Procurement Office Administrator regarding any compliance review; and
- (2) Clarify that the State Procurement Office Administrator has the authority to perform periodic compliance reviews of the procurement practices and procedures of all governmental bodies.

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

Your Committee finds that in July 2015, an Auditor's report highlighted an example of a procurement contract award that was renegotiated at a price that was three hundred forty-five percent higher than the original bid amount. The same contract was then amended three times and resulted in a final contract amount that was six hundred eleven percent higher than the original bid, as well as a reduction in the scope of work provided and a one-year extension of the performance deadline. Based on the Auditor's




report, it is evident that it is necessary to reform the State's procurement law. Open competition, a level playing field, and transparency in the State's procurement process is vital to good government. Implementation of this measure encourages accountability and transparency by ensuring consistent compliance with the State Procurement Code.

Your Committee has amended this measure by:

- (1) Inserting the contents of S.B. No. 2545, Regular Session of 2016, which establishes a fair and reasonable pricing policy for all procurement contract actions and clarifies that contractors are required to submit and certify cost or pricing data for certain change orders and contract modifications, even if the original contract award did not require cost and pricing data;
- (2) Requiring the State Procurement Office Administrator to collaborate with the State Procurement Policy Board for any periodic compliance reviews;
- (3) Amending the purpose section to reflect its amended purpose; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2060, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2060, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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


DONNA MERCADO KIM, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* <i>HB 2060 HD1</i>	Committee Referral: <i>GVO, WAM</i>	Date: <i>03-17-16</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
IHARA, Jr., Les (VC)	✓			
DELA CRUZ, Donovan M.				✓
KEITH-AGARAN, Gilbert S.C.	✓			
SHIMABUKURO, Maile S.L.	✓			
TOKUDA, Jill N.				✓
SLOM, Sam				✓
TOTAL	<i>4</i>	<i>0</i>	<i>0</i>	<i>3</i>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <i>[Signature]</i>				
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div> Distribution: Original File with Committee Report </div> <div> Yellow Clerk's Office </div> <div> Pink Drafting Agency </div> <div> Goldenrod Committee File Copy </div> </div>				

*Only one measure per Record of Votes