STAND. COM. REP. NO.

Honolulu, Hawaii MAYCH 4, 2016 RE: H.B. No. 2544 H.D. 2

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2544, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSTRUCTION CONTRACTS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the State Procurement Office, in conjunction with the Department of Accounting and General Services, to conduct a comprehensive analysis and review of the Hawaii Public Procurement Code (Procurement Code), especially as it relates to the awarding of construction contracts, and to report its findings and recommendations to the Legislature; and
- (2) Appropriate funds for the comprehensive review and analysis.

The Department of Transportation, General Contractors Association of Hawaii, and Chamber of Commerce Hawaii provided testimony in support of the measure. The State Procurement Office and Subcontractors Association of Hawaii provided comments.

Your Committee has amended this measure by further focusing and streamlining the scope of the State Procurement Office's analysis and review of the Procurement Code by:



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- (1) Specifying that the analysis and review of the Procurement Code:
 - (A) Only pertain to construction contracts; and
 - (B) Include a review of federal procurement laws, particularly Federal Acquisition Regulation Chapter 36; and
- (2) Addressing issues and concerns raised by a report submitted to the Legislature on April 14, 2015, by a Task Force established pursuant to Senate Concurrent Resolution No. 92, Senate Draft 2, Regular Session of 2013, which was also aimed at improving the economy, efficiency, and effectiveness of the Procurement Code.

Your Committee has also amended this measure by:

- (1) Extending the deadline for the State Procurement Office's final report by an additional year; and
- (2) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2544, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2544, H.D. 2.

> Respectfully submitted on behalf of the members of the Committee on Finance,

SYLVIA LUKE, Chair



State of Hawaii House of Representatives The Twenty-eighth Legislature



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Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral:		Date:	
HB 2544, HD1	EDB, FIN 3/2/16			
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: □ Pass, unamended (as is) Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)				
3. CACHOLA, Romy M.				
4. CULLEN, Ty J.K.				
5. DeCOITE, Lynn				
6. JOHANSON, Aaron Ling				
7. JORDAN, Jo				
8. KEOHOKALOLE, Jarrett				
9. KOBAYASHI, Bertrand				
10. LoPRESTI, Matthew S.				
11. LOWEN, Nicole E.				
12. ONISHI, Richard H.K.				
13. TOKIOKA, James Kunane				
14. YAMASHITA, Kyle T.				
15. POUHA, Feki				
16. WARD, Gene				
TOTAL (16)	(6			
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				

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