Honolulu, Hawaii

MAR 2 2 2019

RE: H.B. No. 1146
        H.D. 1
        S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

     Your Committee on Government Operations, to which was referred H.B. No. 1146, 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 that past performance be considered in future bid selection of contractors for sole source contracts and any competitive sealed bid or proposal contracts that exceed the small purchase threshold; and

     (2)   Require procurement officers to consider specific factors, including past performance, when making a determination of offeror responsibility.

     Your Committee received testimony in support of this measure from the State Procurement Office and one individual. Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services and Department of Design and Construction of the City and County of Honolulu. Your Committee received comments on this measure from the Department of Education.

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Your Committee finds that the procurement process is in need of clear legislative direction to award state contracts to responsible bidders or offerors through the state procurement process, increase accountability with performance on state contracts, and more efficiently utilize taxpayer dollars. Some state contracts may currently be awarded to the lowest bidder through the invitation for bid process without regard to poor past performance. Such bidders may be considered qualified despite poor performance on state, federal, or private contracts in the past, which may result in repeated inefficiencies and substandard work.

Your Committee has amended this measure by:

(1) Establishing an initial procurement working group;

(2) Inserting an appropriation of $250,000, including $50,000 for the development and implementation of a statewide past performance database and $200,000 to outsource two full-time equivalent positions to assist with the implementation of this measure; and

(3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that as this amended measure moves through the legislative process, it is your Committee's intent for part II to be effective upon approval, the appropriation in part III to take effect July 1, 2019, and part I to have a sunrise date, which will take effect only after the completion of work by the initial procurement working group established under part II.

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. 1146, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1146, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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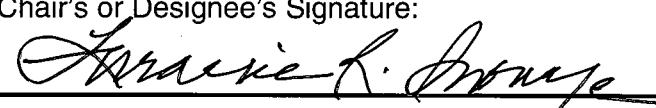behalf of the members of the
Committee on Government
Operations,

_____
LAURA H. THIELEN, Chair

The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:
HB1146 HD1	GVO, WAM	3/19/2019

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to:_____

The Recommendation is:

☐ Pass, unamended 2312   ☑ Pass, with amendments 2311   ☐ Hold 2310   ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
BAKER, Rosalyn H.	✓			
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt				/
TOTAL		4		/

Recommendation:

☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature:

[signature]

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*Only <u>one</u> measure per Record of Votes