STAND. COM. REP. NO. 144 -22 Honolulu, Hawaii MAR 18 , 2022

RE: S.B. No. 3350 S.D. 2 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred S.B. No. 3350, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to require that any procurement change order that increases a contract cost by more than fifty percent or substantially changes the scope of work be considered a new contract for procurement purposes, except if the head of a purchasing agency determines that approval of the change order is in the best interest of the State.

Your Committee received testimony in support of this measure from the Department of Transportation and one individual. Your Committee received comments on this measure from the Board of Directors of the Honolulu Authority for Rapid Transportation.

Your Committee finds that procurement often experiences increased costs due to change orders. Your Committee further finds that where a change order increases the contract cost by more than fifty percent, it effectively results in a new and additional procurement that bypasses the procurement process. This measure increases accountability in the procurement process while also giving purchasing agencies the flexibility to address

2022-2285 SB3350 HD1 HSCR HMSO-1

and mitigate unusual circumstances when it is in the best interest of the State.

Your Committee has amended this measure by:

- Removing language that would have required any procurement change order that substantially changed the scope of work of a contract to be considered a new contract for procurement purposes; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee is still very concerned that mandating a new bidding contract, if the scope increases by fifty percent or more, could create long delays for the projects by having to go through the entire bidding process again, and a large important project, such as the Kihei High School project, could be further delayed if this measure were enacted. Your Committee respectfully requests your Committee on Consumer Protection & Commerce, should it choose to deliberate this measure, to reexamine these concerns.

As affirmed by the record of votes of the members of your Committee on Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3350, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3350, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

> Respectfully submitted on behalf of the members of the Committee on Government Reform,

ANGUS L.K. McKELVEY, Chair

State of Hawaii House of Representatives The Thirty-first Legislature



Record of Votes of the Committee on Government Reform

Bill/Resolution No.: SB3350, SD2 GVR, CPC, FIN 3-16-22				
 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)				
GVR Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	``			
2. WILDBERGER, Tina (VC)	7			
3. COSTALES, Luella			<u>an an a</u>	
4. ELI, Stacelynn K.M.			inist komuninistan sasti kakaistika s	Commindenting Anno English and States and Sta
5. ICHIYAMA, Linda				
6. MIZUNO, John M.	n an	<u> San Angela</u> Inggan ang ang ang ang ang ang ang ang an	and observations are additional and an and a super-	
7. WOODSON, Justin H.	\ i	e tel son a la successive de la Cal	, <u>1997 - 1997 - 1997 - 1997 - 1997 - 1997</u> Niliona	e oly div pri scholin (Burri Millie
			ی در میشونیند بر میشونیند. این از میشونیند بر میشونیند از میشونین است	
8. YAMASHITA, Kyle T.				
9. WARD, Gene				
	\sum			
TOTAL (9)	8	$\langle X \rangle$	à	1
The recommendation is: Adopted Not Adopted				
If joint referral, did not support recommendation. committee acropym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				