

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1465

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 1465 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to allow agencies to rank fewer than three persons for professional services when fewer than three qualified persons respond to the solicitation or request to use alternative procurement procedures when no qualified person responds to the solicitation.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services, Department of Transportation, University of Hawai'i System, and Department of Finance of the County of Kauai. Your Committee received testimony in opposition to this measure from Kauahikaua and Chun Architects. Your Committee received comments on this measure from the State Procurement Office, American Council of Engineering Companies of Hawaii, and one individual.

Your Committee finds that existing law requires a minimum of three bids or proposals from qualified persons to proceed with the procurement of professional services. Your Committee further finds that under certain circumstances, particularly in the procurement of specialized services, this requirement cannot be met. Continually reinitiating the solicitation with the same



result increases delays and project costs for procuring agencies. Your Committee finds that this measure will allow agencies to keep design projects on schedule, improve project efficiency, and ensure priorities and needs are addressed timely. As such, this measure will facilitate the procurement of specialized professional services in situations where fewer than three qualified persons submit bids or proposals.

Your Committee has amended this measure by:

- (1) Inserting language to specify the process for the award of a professional services contract when less than three or no qualified persons respond to a notice;
- (2) Inserting an effective date of July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee received testimony from various concerned stakeholders that provided amended language in response to these concerns. Your Committee has amended this measure to reflect the initial suggestion provided by the parties. However, your Committee finds that there is a need for uniformity and harmony in the proposed amendments between the State Procurement Office and the additional stakeholders that are also invested in the success of this measure. Should this measure carry over to the House of Representatives, it is your Committees' hope that the parties will continue to facilitate productive dialogue.

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 S.B. No. 1465, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1465, 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,



---

ANGUS L.K. MCKELVEY, Chair



