

STAND. COM. REP. NO.

1558

Honolulu, Hawaii

MAR 24, 2023

RE: S.B. No. 1518
S.D. 2
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred S.B. No. 1518, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Provide procurement exemptions for the Department of Education for certain goods, services, and construction; and
- (2) Repeal these procurement exemptions on June 30, 2026.

Your Committee received testimony in support of this measure from the Department of Education. Your Committee received testimony in opposition to this measure from the State Procurement Office.

Your Committee finds that the Hawaii Public Procurement Code and electronic procurement system place a heavy burden on school administrators seeking to address requirements for two hundred ninety-five schools and a backlog of repair and maintenance issues. Exempting the Department of Education from certain small purchase procurement requirements will help the Department to

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timely procure necessary goods, services, and construction, while dealing with inflationary pressures that have increased their costs. Your Committee further finds that providing for the repeal of these exemptions in two years will enable the Legislature to evaluate how these procurement exemptions are being handled and whether the Department of Education has managed to maintain fairness, a level playing field, and transparency in their procurement practices despite their use.

Your Committee further finds that the electronic procurement system maintained by the State Procurement Office promotes transparency and efficiency, the use of which will only provide greater benefits to the Department of Education.

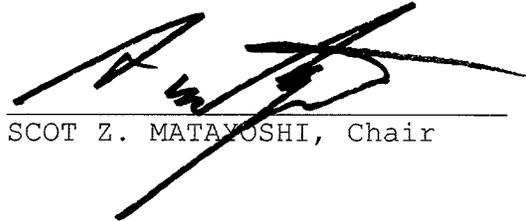
Accordingly, your Committee has amended this measure by:

- (1) Limiting the exemptions established in this measure to a county with a population of less than five hundred thousand;
- (2) Requiring the Department of Education to transition to the Executive Branch's electronic procurement system no later than June 30, 2025;
- (3) Changing the sunset date to June 30, 2025; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1518, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 1518, S.D. 2, H.D. 2.



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



SCOT Z. MATAYOSHI, Chair



