



STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
STATE PROCUREMENT OFFICE

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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
February 28, 2023, 10:00 AM

SENATE BILL 1129 SD1
RELATING TO PROCUREMENT

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 1129 SD1. The State Procurement Office (SPO) opposes the bill due to Section 2, page 3, line 9 to 12:

“(c) Procurement of [~~\$25,000~~] \$50,000 to less than \$250,000 shall be made in accordance with small purchase procedures, provided that such small purchase procurements through an electronic system shall be required.”

Comments: Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, prevent favoritism, collusion, or fraud in awarding of contracts. Increasing the small purchase threshold to \$50,000 for electronic procurement would result in less transparency, reduced competition, and higher risk of parceling, which is the artificial division of purchase of same, like, or related items of goods, services, or construction into several small purchases or smaller quantities, in order evade the statutory competitive requirements.

Additionally, obtaining quotes without an electronic procurement (eProcurement) system may lead to the agency only going to the same vendors repeatedly, which would be in violation of HRS 103D-101(a)(6)(A) Encourage economic competition by:

“(A) Ensuring that all persons are afforded an equal opportunity to compete in a fair and open environment.”

As of February 21, 2023, there were approximately 1769 awards, between \$25,000 and \$50,000, posted on the Hawaii Awards & Notices Data System (HANDS); a total value of approximately \$68,000,000. If the bill passes, approximately 550 awards, valued at approximately \$21,000,000 each year, would lack transparency and fail to give vendors equal opportunity to compete for government contracts.

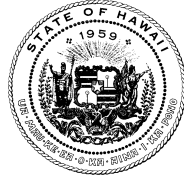
Calendar Year	Number of Transactions between \$25,000 - \$50,000	Total Amount
2020	522	\$19,873,471.15
2021	547	\$20,991,214.25
2022	637	\$24,791,450.05
2023	63	\$2,449,564.45
Total	1,769	\$68,105,699.90

Chapter 103D, Hawaii Revised Statutes, Hawaii Public Procurement Code (Code), is the State's single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure, and transparency in the procurement and contracting process vital to good government. As stated in the National Association of State Procurement Officials (NASPO) white paper on "Ethics and Accountability," "Maintaining the integrity of public procurement is one of the most important pillars of government."

Recommendation: The State Procurement Office recommends leaving 103D-305(c) untouched to read:

(c) Procurements of \$25,000 to less than \$250,000 shall be made in accordance with small purchase procedures; provided that such small purchase procurements through an electronic system be required.

Thank you for the opportunity to provide testimony on this measure.



STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
'OIHANA HALE WAIHONA PUKE AUPUNI O KA MOKU'AINA O HAWAII
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813

SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, February 28, 2023
10:00 am
Conference Room 211

By Stacey A. Aldrich
State Librarian

S.B. 1129 S.D.1 RELATING TO PROCUREMENT

To: Sen. Donovan M. Dela Cruz, Chair
Sen. Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

The Hawaii State Public Library System (HSPLS) **supports** S.B.1129 S.D.1, which raises the procurement threshold for small purchases to \$50,000.

The cost of supplies, equipment, construction materials and services have risen rapidly, and the current procurement threshold creates a hindrance in managing the volume and diversity of the Hawaii State Public Library System's buying activities. The proposed \$50,000 procurement threshold is a sensible response today's purchasing environment, particularly with respect to necessary repairs and maintenance at our facilities.

Thank you for the opportunity to provide testimony on S.B. 1129 S.D.1.

JOSH GREEN, M.D.
GOVERNOR



LATE

EDWIN H. SNIFFEN
DIRECTOR

Deputy Directors
DREANALEE K. KALILI
TAMMY L. LEE
ROBIN K. SHISHIDO
JAMES KUNANE TOKIOKA

IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 28, 2023
10:00 A.M.

State Capitol Conference Room 211 & Videoconference

S.B. 1129, SD1
RELATING TO PROCUREMENT

Senate Committee on Ways and Means

The Department of Transportation (DOT) **supports** this bill with its provisions to increase the dollar threshold in HRS §103-53(e)(1) from \$25,000 to \$50,000 for the requirement to obtain a contractor's tax clearance documentation prior to execution of a contract with state or county agencies, and to increase the dollar threshold in HRS §103D-305(c) from \$25,000 to \$50,000 as the minimum required for procurements to be made in accordance with small purchase procedures through an electronic system.

The DOT believes that these revised dollar thresholds will increase the expediency and efficiency of routine operational requirements to maintain and improve the state's transportation infrastructure through the procurements of related systems, supplies and services that are needed to do so.

Thank you for the opportunity to provide testimony.

SAH - Subcontractors Association of Hawaii

1188 Bishop St., Ste. 1003**Honolulu, Hawaii 96813-2938

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

February 28, 2023

Testimony To: Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair

Presented By: Tim Lyons, President

Subject: S.B. 1129, S.D. 1 – RELATING TO PROCUREMENT.

Chair Dela Cruz and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The SAH represents the following nine separate and distinct contracting trade organizations.

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL AND AIR CONDITIONING NATIONAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

We are in support of this bill as it is written.

We very much appreciate the past Committee's amendments and therefore can support the bill.

Thank you.