

STAND. COM. REP. NO. 1093-24

Honolulu, Hawaii

MAR 14, 2024

RE: S.B. No. 2536  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred S.B. No. 2536, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT PREFERENCES AND RECIPROCITY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish accounting services procurement preferences for certain Hawaii accounting service businesses; and
- (2) Clarify that the existing reciprocity procurement preference includes offerors pursuant to sections 103D-302 and 103D-303, Hawaii Revised Statutes.

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

Your Committee finds that Hawaii service businesses, such as public accounting firms, are an important aspect of the State's economy. However, the high cost of operating a business and the high cost of living in Hawaii makes it difficult to compete for government contracts against firms without offices in Hawaii that

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operate out of low-cost jurisdictions. This measure encourages the growth and sustainability of businesses that employ Hawaii residents by providing them with a competitive advantage in government contracts.

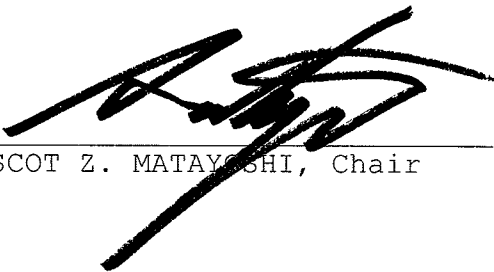
Your Committee has amended this measure by:

- (1) Adding a preference for Hawaii accounting service businesses to the selection criteria for the procurement of professional services related to accounting services;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes its concerns that establishing a preference for Hawaii accounting service businesses for procurement of professional services may have unintended consequences and result in having to establish additional preferences for other Hawaii-based businesses.

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. 2536, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2536, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



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SCOT Z. MATAYOSHI, Chair



