

STAND. COM. REP. NO.

496

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1129
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. 1129 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to raise the procurement threshold for small purchases from \$25,000 to \$50,000.

Your Committee received testimony in support of this measure from the Department of Transportation and Hawai'i State Public Library System. Your Committee received testimony in opposition to this measure from the Subcontractors Association of Hawaii and one individual. Your Committee received comments on this measure from the State Procurement Office.

Your Committee finds that chapter 103D, Hawaii Revised Statutes, the Hawaii Public Procurement Code is the State's sole source of public procurement policy. The policy is intended to be applied equally and uniformly, provide fairness and open competition on a level playing field, and ensure transparent government disclosure in the procurement and contracting process. Your Committee further finds that the cost of supplies, equipment, materials, and services has increased. The current procurement process is intricate, which often creates a hindrance in expedient and efficient acquisition of routine operational requirements to maintain and improve the State's infrastructure system. The



proposed increase of the small purchase procurement threshold is a sensible response to the current purchasing environment.

Your Committee has heard the testimony of the Subcontractors Association of Hawaii expressing concern that an increase of the procurement threshold for small purchases would affect the subcontractor listing clause in chapter 103D, Hawaii Revised Statutes, and severely impact contractors who depend on procurement awards that are less than \$50,000. It is the intention of your Committee to ensure that procurement officers adhere to the small contractor listing clause despite the exception so that small "mom-and-pop" subcontractors can be assured of fair competition for small purchase procurement bid awards.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that procurements greater than \$50,000 for construction shall require security by performance and payment bonds; and
- (2) Inserting an effective date of July 1, 2112, to encourage further discussion.

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. 1129, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1129, 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



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB1129	Committee Referral: GVO, WAM	Date: 2-14-23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
SAN BUENAVENTURA, Joy A.	✓			
WAKAI, Glenn	✓			
AWA, Brenton			✓	
TOTAL	4	—	1	—
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes