

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii
Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 1333, S.D. 2, entitled:
"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require that past performance be considered in the bid selection of contractors for sole source contracts and any competitive sealed bid or proposal contracts that meet or exceed the small purchase threshold;
- (2) Require procurement officers to:
 - (A) Consider specific factors, including past performance, when making a determination of offeror responsibility; and
 - (B) Conduct past performance evaluations at least annually and at the time the work under a contract or order is completed, and to maintain the evaluations in the department's procurement files and statewide past performance database;
- (3) Repeal the requirement that prospective offerors give written notice of their intention to submit an offer to the appropriate procurement officer within a certain time period;
- (4) Establish an initial procurement working group comprising state and county representatives to evaluate and make recommendations to the Legislature regarding the effectiveness of existing procurement methods; and
- (5) Appropriate funds to develop and create a statewide past performance database and for the outsourcing of two positions to assist with developing rules.

The State Procurement Office testified in support of this measure. The Department of Budget and Fiscal Services and Department of Design and Construction of the City and County of Honolulu and General Contractors Association of Hawaii opposed this measure. The Department of Accounting and General Services provided comments on this measure.

Your Committee has amended this measure by making:

- (1) The appropriation amounts and position amounts unspecified; and
- (2) Technical, nonsubstantive amendments for clarity, consistency, and style.

Should the Committee on Finance deliberate this measure, your Committee respectfully requests that it consider:

- (1) Appropriating \$250,000 for each year of fiscal biennium 2019-2021 to implement this measure; and
- (2) Allocating \$50,000 to develop and create a statewide past performance database and \$200,000 for the outsourcing of two full-time equivalent (2.0 FTE) positions to assist with developing rules.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1333, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1333, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Labor
& Public Employment,

AARON LING JOHANSON, Chair