

STAND. COM. REP. NO.

2607

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2291  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Judiciary and Government Operations, to which was referred S.B. No. 2291, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to implement the recommendations of the Technology Caucus Work Group regarding state procurement by:

- (1) Establishing a state procurement preference for the benefit of Hawaii businesses providing high technology goods or services; and
- (2) Requiring the State Procurement Office to authorize reseller agreements in multi-state contracting agreements and to place orders directly with local resellers designated by original equipment manufacturers.

Testimony in support of this measure was submitted by two organizations, and two state agencies submitted comments. Written testimony presented to the Committee may be reviewed on the Legislature's website.

The Western States Contracting Alliance (WSCA) was created to join fifteen western states in cooperative multistate contracting to achieve cost-effective and efficient acquisition of quality products and services. The State Procurement Office's recent

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change in policy in implementing the WSCA multistate contracts is a practice that no other state has pursued in implementing the WSCA contracts. As a result of this change, the State Procurement Office places orders for goods and services directly with out-of-state original equipment manufacturers, as opposed to local reseller agents. This practice reduces the level of state expenditures and activity within the local economy, reduces tax revenues paid by local technology businesses, and may result in job losses if the original equipment manufacturer does not have a local back-end agent program. This practice also reduces the level of available serving support. Your Committee finds that this measure will restore the previous practice and provide a more efficient, cost-effective means of obtaining local support for goods and services.

Your Committee further finds that the high technology Hawaii business preference is an incremental legislative change which is not the ideal way to approach procurement. Your Committee appreciates the efforts of the Technology Caucus Work Group, but would prefer a comprehensive review of state procurement to create a streamlined system based on best value and least expensive choice that can benefit both the State and Hawaii's vendors.

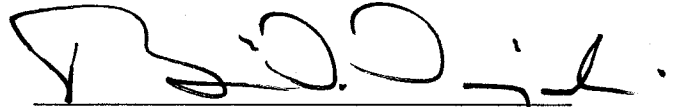
Your Committee has amended this measure by:

- (1) Removing Part II which establishes a state procurement preference for the benefit of Hawaii businesses providing high technology goods or services;
- (2) Changing the effective date to July 1, 2050 for the purpose of facilitating further discussion; and
- (3) Making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2291, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2291, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Government Operations,



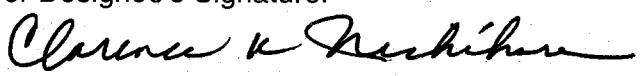
A handwritten signature in black ink, appearing to read 'B. T. Taniguchi', written over a horizontal line.

BRIAN T. TANIGUCHI, Chair



The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Judiciary and Government Operations**  
**JGO**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2291, SD1	EDT, JGO	2/24/10
<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	
TANIGUCHI, Brian T. (C)	✓	
TAKAMINE, Dwight Y. (VC)		✓
BUNDA, Robert	✓	
GABBARD, Mike	✓	
NISHIHARA, Clarence K.	✓	
SLOM, Sam	✓	
<b>TOTAL</b>	5	1
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

\*Only one measure per Record of Votes