

STAND. COM. REP. NO. **404**

Honolulu, Hawaii

FEB 18 2011

RE: S.B. No. 1332
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 1332 entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose and intent of this measure is to amend chapter 37, Hawaii Revised Statutes, to allow the University of Hawai'i System to carryover up to five percent of appropriated General Funds into the next fiscal year.

Your Committee amended this measure by deleting its contents and replacing it with language to:

- (1) Extend the provisions of Act 82, Session Laws of Hawaii 2010, which exempts the University of Hawaii from chapter 103D, Hawaii Revised Statutes, with certain exceptions, until July 1, 2015; and
- (2) Make technical, nonsubstantive amendments for the purposes of clarity and consistency to sections 103D-102 and 304A-105, Hawaii Revised Statutes.

Prior to holding a hearing on this measure, a proposed S.D. 1 was prepared and made available for public review.

Your Committee received testimony in support of this proposed measure from the Honorable Neil Abercrombie, Governor; the University of Hawai'i System; the General Contractors Association

2011-1390 SSCR SMA.doc



of Hawaii; Countertops Etc., Inc.; Ono Construction, LLC; Island Pacific Distributors, Inc.; Architectural Glass & Aluminum; Electricians, Inc.; W E Painting, Inc.; Dorvin D. Leis Co., Inc.; Group Builders, Inc.; King & Neel, Inc.; Kobayashi Group LLC; A-1 A-lectrician; Koga Engineering & Construction, Inc.; The Pacific Resource Partnership; S & M Sakamoto, Inc.; Lindemann Construction Inc.; PVT Land Company Limited; Royal Contracting Co., Ltd.; Shimokawa Nakamura, Inc.; Albert C. Kobayashi, Inc.; and three individuals. Your Committee received testimony in opposition to this measure from the State Procurement Office and the Subcontractors Association of Hawaii.

Your Committee finds that Act 82, Session Laws of Hawaii 2010, was enacted to afford the University of Hawai'i flexibility to pilot revisions to its procurement procedures in order to accelerate the acquisition of goods, services, and construction while obtaining best value and maintaining transparency and fairness in the procurement process. Your Committee further finds that because new construction projects often take longer than the two year window afforded by Act 82, an extension of Act 82 will provide the University of Hawai'i with a more reasonable amount of time to examine performance indicators and determine the effectiveness of its procurement process.

Your Committee has heard the concerns raised by certain testifiers about continuing these exemptions and finds that there is some agreement to require more specific reporting by the University of Hawai'i.

Your Committee has further amended this proposed measure by:

- (1) Amending section 4 of Act 82, Session Laws of Hawaii 2010, to require the University of Hawai'i to submit additional annual reports no later than twenty days prior to the convening of the Regular Sessions of 2013, 2014, and 2015;
- (2) Requiring the annual reports to the Legislature to contain additional information such as:
 - (A) A description and status of projects procured during the period of time that the University of Hawai'i is exempt from chapter 103D, Hawaii Revised Statutes;



- (B) Recommendations for best practices for procurement; and
 - (C) Any proposed legislation or recommendations to amend chapter 103D, Hawaii Revised Statutes; and
- (3) Requiring that the University of Hawai'i include in its 2013 report to the Legislature information on compliance with section 304A-2690, Hawaii Revised Statutes, and identification of any formal or informal complaints the University has received from subcontractors in regard to section 304A-2690, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1332, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1332, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Education,



JILL TOKUDA, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Education
EDU

Bill / Resolution No.:* SB1332	Committee Referral: EDU, WAM	Date: 2-14-11		
<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
TOKUDA, Jill N. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
NISHIHARA, Clarence K.	✓			
TANIGUCHI, Brian T.		✓		
SLOM, Sam	✓			
TOTAL	5	1	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:right; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes