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## HOUSE RESOLUTION

REQUESTING A STUDY REGARDING THE NEED TO INCREASE THE DOLLAR THRESHOLD THAT DETERMINES WHETHER A SMALL PURCHASE IS EXEMPT FROM SMALL PURCHASE PROCUREMENT PROCEDURES.

1           WHEREAS, the Legislature enacted the Hawaii Public  
2 Procurement Code in 1993 to provide for fair and equitable  
3 treatment of all persons dealing with the procurement system,  
4 foster broad-based competition among vendors while ensuring  
5 accountability, transparency, fiscal responsibility, and  
6 efficiency in the procurement process, and increase confidence  
7 in the integrity of the system for expenditure of public funds;  
8 and

9  
10           WHEREAS, under current law, small purchase procurements of  
11 \$25,000 to less than \$250,000 are subject to rule-based small  
12 purchase procurement procedures, while small purchase  
13 procurements of less than \$25,000 are exempt from these  
14 procedures; and

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16           WHEREAS, established in 1997, the foregoing dollar  
17 thresholds are out of touch with the current cost of goods,  
18 services, and construction, which have greatly increased and  
19 continue to escalate; and

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21           WHEREAS, inflation is only one of many factors contributing  
22 to escalating costs, and \$25,000 in 1997 dollars had the same  
23 buying power as \$36,735 in 2014 dollars, due to inflation alone;  
24 and

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26           WHEREAS, accordingly, an increase of the small purchase  
27 procurement dollar thresholds is overdue and clearly advisable  
28 to ensure fulfillment of the Legislature's stated intent  
29 regarding small purchase procurements, namely, to ensure that  
30 small purchases be simple to procure and administer while  
31 providing for as much competition as is practicable; now,  
32 therefore,



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2 BE IT RESOLVED by the House of Representatives of the  
3 Twenty-eighth Legislature of the State of Hawaii, Regular  
4 Session of 2015, that the State Procurement Policy Board is  
5 requested to study:

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7 (1) How the cost of goods, services, and construction have  
8 escalated since 1997, considering inflation and other  
9 factors; and

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11 (2) With respect to the dollar threshold that determines  
12 whether a small purchase is subject to small purchase  
13 procurement procedures or exempt from these  
14 procedures, and given the Legislature's intent that  
15 small purchases be simple to procure and administer  
16 while providing for as much competition as is  
17 practicable:

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19 (A) To what amount should this dollar threshold be  
20 increased to ensure, in light of evident  
21 escalating costs, that the Legislature's intent  
22 in setting the threshold at \$25,000 in 1997  
23 continues to be fulfilled; and

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25 (B) With such an increase of the dollar threshold,  
26 what additional safeguards, if any, should be  
27 implemented to ensure efficiency, transparency,  
28 and accountability in exempt small purchase  
29 procurements, including, for example, requiring  
30 each purchasing agency and department to include  
31 in its annual report an itemized list of exempt  
32 small purchase procurements made; and

33  
34 BE IT FURTHER RESOLVED that the State Procurement Policy  
35 Board is requested to submit a report of its findings,  
36 recommendations, and actions to the Legislature no later than  
37 twenty days before the commencement of the Regular Session of  
38 2016; and



# H.R. NO. 33

1 BE IT FURTHER RESOLVED that certified copies of this  
2 Resolution be transmitted to the Comptroller and the chairperson  
3 of the State Procurement Policy Board.  
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OFFERED BY: Calvin H. Ray

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