

STAND. COM. REP. NO.

952

Honolulu, Hawaii

March 20, 2015

RE: S.B. No. 1064  
S.D. 1  
H.D. 1

Honorable Joseph M. Souki ,  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which  
was referred S.B. No. 1064, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT OF PROFESSIONAL  
SERVICES,"

begs leave to report as follows:

The purpose of this measure is to improve the efficiency and  
effectiveness of the procurement of professional services by state  
agencies. Specifically, this bill authorizes a request to be  
submitted to the Chief Procurement Officer for an alternative  
procurement to be made in accordance with administrative rules  
adopted by the Procurement Policy Board in the event there are  
fewer than three qualified persons that can be sent to the head of  
a purchasing agency.

The State Procurement Office and a concerned individual  
testified in support of this measure. The American Institute of  
Architects, American Council of Engineering Companies of Hawaii,  
American Society of Civil Engineers, and Kukulu, LLC, testified in  
opposition to this measure.

The Procurement Policy Board has the authority and  
responsibility to adopt rules governing the procurement of  
professional services by state agencies. In 2014, the Hawaii  
Supreme Court ruled that, under the current statutes, a selection  
committee must identify and rank a minimum of three qualified

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professional service providers in order for a state agency to proceed with procurement. While many professional services in Hawaii have adequate numbers of qualified professionals to address this requirement, a number of highly specialized professional services do not. According to the State Procurement Office, this has often resulted in the need to repeat solicitation of bids until bids from three qualified applicants were received. This process is inefficient and is a detriment in both time and money to the State and qualified applicants.

Your Committee understands the concerns raised by several industry groups that simply allowing for a request to be submitted to the Chief Procurement Officer for an alternative procurement for professional services to be made in accordance with administrative rules adopted by the Procurement Policy Board without identification and ranking by the selection committee does not serve the procurement code's purpose of ensuring that professional services are procured in a fair and equitable manner.

Upon further consideration, your Committee has amended this measure by deleting its substance and inserting the provisions of H.B. No. 895, H.D. 1, a similar bill that your Committee passed earlier this session. As amended, this measure provides an effective procurement process for situations where a selection committee is not able to send a list of three qualified persons to provide professional services to the head of the purchasing agency. Specifically, when there are fewer than three qualified persons on the list to provide professional services, the selection committee would be required to rank the qualified persons based on selection criteria and send the ranking to the Chief Procurement Officer, who may proceed in accordance to administrative rules adopted by the Procurement Policy Board.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1064, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1064, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.



Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



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DEREK S.K. KAWAKAMI, Chair



State of Hawaii  
House of Representatives  
The Twenty-eighth Legislature

HSCE 952

**Record of Votes of the Committee on Economic Development & Business**

Bill/Resolution No.: <b>SB 1064 SD1</b>	Committee Referral: <b>EDB, JUD, FIN</b>	Date: <b>17 MAR 15</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. DECOITE, Lynn	✓			
7. ITO, Ken	✓			
8. OHNO, Takashi	✓			
9. ONISHI, Richard H.K.	✓			
10. TOKIOKA, James Kunane	✓			
11. TSUJI, Clift	✓			
12. WOODSON, Justin H.	✓			
13. MATSUMOTO, Lauren Kealohilani	✓			
14. WARD, Gene	✓			
<b>TOTAL (14)</b>	<b>14</b>			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Jamal S. King</i></u>				
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