

STAND. COM. REP. NO.

1199

Honolulu, Hawaii

MAR 25 2021

RE: H.B. No. 1067
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
H.B. No. 1067, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to repeal the sunset provision in Act 42, Session Laws of Hawaii 2018 (Act 42), which temporarily reinstated and restored full authority to the President of the University of Hawaii (University) to serve as the University's Chief Procurement Officer (CPO) for all procurement contracts under the Hawaii State Procurement Code, set to expire on June 30, 2021.

Your Committee received testimony in support of this measure from the State Procurement Office, University of Hawai'i System, and General Contractors Association of Hawaii. Your Committee received comments on this measure from the Hawaii Construction Alliance.

Your Committee finds that following the unveiling of issues pertaining to the University's procurement process and procedures, Act 87, Session Laws of Hawaii 2013 (Act 87), removed the authority of the University of Hawaii President to serve as the CPO for the University's contracts for construction and



construction-related professional services furnished by licensees under chapter 464, Hawaii Revised Statutes (i.e., engineers, architects, surveyors, and landscape architects), and transferred such authority to the Administrator of the State Procurement Office (SPO). Thereafter, the University made significant changes to its procurement policies and procedures which lead the SPO to find, in a report issued in January 2016 pursuant to Act 87, that the University was conducting construction procurements in a "compliant, efficient, and transparent manner." Based on the SPO's report, Act 42, Session Laws of Hawaii 2018 (Act 42), temporarily reinstated and restored full authority to the University of Hawaii President to serve as the University's CPO for all procurement contracts under the Hawaii State Procurement Code, with a trial-period set to expire on June 30, 2021. This measure repeals the sunset provision of Act 42, thereby permanently restoring the full authority of the University of Hawaii President to act as the University's CPO.

Your Committee recognizes that without the repeal or extension of Act 42's sunset provision, the University's procurement procedure will revert to the bifurcated structure employed from 2013 through 2018, wherein a different set of rules and procedures applied for goods and services and for construction-related professional services. Your Committee also notes the concerns raised in testimony regarding the changes that are currently being made to the University's procurement standards.

Accordingly, your Committee has amended this measure by:

- (1) Extending the sunset date for Act 42 by three years until June 30, 2024, instead of repealing the provision; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1067, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1067,



H.D. 1, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

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



DONNA MERCADO KIM, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1067 HDI	HRE, WAM/JDC	3/23/21		
<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
KIM, Donna Mercado (C)	/			
KIDANI, Michelle N. (VC)	/			
KEITH-AGARAN, Gilbert S.C.	/			
WAKAI, Glenn	/			
FEVELLA, Kurt	/			
TOTAL	5	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Michelle N. Kidani</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes