

Honolulu, Hawaii

FEB 14 2022

RE: S.B. No. 3040  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 3040 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the nomination process and the number of the members for the Procurement Policy Board;
- (2) Authorize the State Procurement Administrator to develop and administer procurement automation systems and assess, charge, and collect a transaction fee from all vendors using the procurement automation systems; and
- (3) Establish a procurement automation system special fund and amend section 103D-1010, Hawaii Revised Statutes, to conform with the amendments made to section 103D-1001, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the State Procurement Office and the State Council on Developmental Disabilities. Your Committee received comments on this measure from the Hawai'i Alliance of Nonprofit Organizations.



Your Committee finds that government purchasing offices for several states operate using a self-funded model derived from a transaction fee ranging from one percent to two-and-a-half percent charged to all contracts in their respective procurement automation systems.

Your Committee further finds that establishing self-funded procurement automation systems, as proposed by this measure, will aid the State Procurement Office in the timely and competent execution of its statutory duties. To this end, your Committee also finds that the State Procurement Office will benefit from funding for additional positions to aid in the management of procurement automation systems and the Office's statutory obligations.

Accordingly, this measure conserves taxpayer dollars and improves procurement efficiency by establishing a self-funded procurement automation system and funding necessary staff positions in the State Procurement Office.

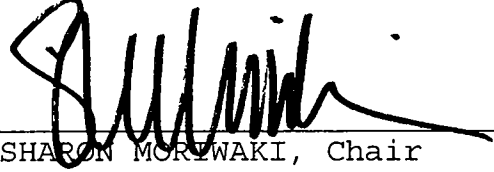
Your Committee has amended this measure by:

- (1) Deleting all references to the procurement policy board;
- (2) Amending section 1 to reflect its amended purpose;
- (3) Making it effective on July 1, 2022; and
- (4) 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 Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3040, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3040, S.D. 1, and be referred to your Committee on Ways and Means.



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




SHARON MOREWAKI, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:* <b>SB 3040</b>	Committee Referral: <b>GVO, WAM</b>	Date: <b>02/03/22</b>		
<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
MORIWAKI, Sharon Y. (C)	✓			
DELA CRUZ, Donovan M. (VC)	✓			
CHANG, Stanley	✓			
GABBARD, Mike	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b>	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy

**\*Only one measure per Record of Votes**