

STAND. COM. REP. NO. 3137

Honolulu, Hawaii

**MAR 04 2022**

RE: S.B. No. 3040  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3040, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to improve procurement efficiency.

Specifically, this measure:

- (1) Authorizes the administrator of the State Procurement Office to:
  - (A) Develop and administer procurement automation systems; and
  - (B) Charge and collect a transaction fee from all vendors using the procurement automation systems;
- (2) Creates a state procurement automation system special fund;
- (3) Amends section 103D-1010, Hawaii Revised Statutes, to conform that section with amendments made by Act 55, Session Laws of Hawaii 2021; and



- (4) Establishes five full-time equivalent (5.0 FTE) positions in the State Procurement Office.

Your Committee received written comments in support of this measure from the Department of Transportation, State Council on Developmental Disabilities, and State Procurement Office.

Your Committee received written comments in opposition to this measure from the Hawaii Alliance of Nonprofit Organizations.

Your Committee received written comments on this measure from the Department of Budget and Finance and Tax Foundation of Hawaii.

Your Committee finds that the government purchasing offices of several other states are self-funded using revenues raised through transaction fees that are charged on all public contracts. Your Committee further finds that authorizing the State Procurement Office to charge a transaction fee would raise the funds necessary to develop, implement, and manage procurement automation systems.

Your Committee has amended this measure by:

- (1) Correcting the text of section 103D-1010(a), Hawaii Revised Statutes, for consistency with the printed version of the Hawaii Revised Statutes;
- (2) Changing the amount appropriated to the State Procurement Office from \$350,000, to an unspecified sum;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3040, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3040, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



