

---

---

# A BILL FOR AN ACT

RELATING TO PROCUREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

**PART I**

1  
2 SECTION 1. Following the 2009 legislative session, the  
3 chairs of the senate committee on economic development and  
4 technology and the house committee on economic revitalization,  
5 business and military affairs convened a technology caucus work  
6 group to bring together industry stakeholders and interested  
7 policymakers to develop recommendations for legislation to  
8 enhance Hawaii's struggling economy. The work group provided a  
9 forum to review the current status of Hawaii's  
10 science/technology industry, identify state or county actions  
11 that impede long-term growth and expansion of technology  
12 companies, and develop recommendations to address these  
13 impediments. The work group also identified best practices  
14 supporting the growth and development of science/technology  
15 industries in other jurisdictions to aid in developing proposed  
16 suggestions for future legislation.

**PART II**



1 SECTION 2. The legislature finds that the Western States  
2 Contracting Alliance (WSCA) was formed in October 1993 by the  
3 state purchasing directors from fifteen western states. The  
4 primary purpose of creating WSCA was to establish the means by  
5 which participating states may join together in cooperative  
6 multi-state contracting to achieve cost-effective and efficient  
7 acquisition of quality products and services. WSCA uses a  
8 cooperative, competitive model to capture the best pricing  
9 possible for the volume of purchases being made. However, once  
10 a brand determination has been made, and WSCA has been chosen as  
11 the contracting vehicle, there is no incentive for the chosen  
12 manufacturer to offer any additional discounts below the  
13 pre-negotiated WSCA price.

14 The legislature further finds that WSCA does allow for the  
15 extension of this competitive environment at the individual  
16 order level by allowing each contract holder to designate  
17 multiple resellers (servicing subcontractors) to quote and sell  
18 products under their respective WSCA contract within any  
19 particular participating state. The use of reseller agents  
20 expands the discounting possibilities by pitting two or more  
21 resellers against each other in a competitive environment; in  
22 most cases ensuring additional discounts are offered by the



1 resellers to secure the task order award. Additionally, as  
2 these selected reseller agents are usually local firms, WSCA  
3 customers receive better service than if working directly with a  
4 manufacturer that has little or no local presence. The majority  
5 of states with WSCA agreements use reseller agents.

6 In the past, Hawaii placed orders for goods and services  
7 directly with local reseller agents for goods and services  
8 procured under WSCA multistate agreements; however, since 2009,  
9 the state procurement office has changed its practices and now  
10 requires purchase orders for goods and services to be placed  
11 directly with original equipment manufacturers. By doing so,  
12 the State has eliminated an efficient, cost-effective means of  
13 obtaining local support for goods and services procured under  
14 WSCA agreements and replaced it with a procedure that costs the  
15 same, but does not include the level of servicing support that  
16 occurred previously.

17 The purpose of this part is to implement recommendations of  
18 the technology caucus work group by requiring the state  
19 procurement office to authorize reseller agreements in  
20 multi-state contracting agreements.



1 SECTION 3. Chapter 103D, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§103D- Reseller agreements. The state procurement  
5 office shall authorize local reseller agreements as part of any  
6 multi-state contracting agreement and shall place orders  
7 directly with local resellers; provided that they are authorized  
8 and designated by original equipment manufacturers or other  
9 national equipment or products suppliers."

10 **PART III**

11 SECTION 4. This Act does not affect rights and duties that  
12 matured, penalties that were incurred, and proceedings that were  
13 begun before its effective date.

14 SECTION 5. New statutory material is underscored.

15 SECTION 6. This Act shall take effect upon its approval.

16



**Report Title:**

Procurement

**Description:**

Requires the state procurement office to authorize reseller agreements in multi-state contracting agreements and to place orders directly with local resellers designated by original equipment manufacturers. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

