
A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

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

1 PART I

2 SECTION 1. In March 2011, the State launched an initiative
3 to modernize and transform the State's technology
4 infrastructure, systems, processes, and procedures. The State
5 subsequently hired its first full-time chief information officer
6 in July 2011 to oversee the development and implementation of a
7 statewide information technology strategic plan. In September
8 2011, the first phase of the State's modernization initiative
9 was completed with the publishing of the "Baseline of
10 Information Management and Technology and Comprehensive View of
11 State Services" report. The findings and recommendations in
12 this report provide the basis for the strategic direction that
13 the State needs to take going forward. The development of the
14 statewide information technology strategic plan, which will
15 include a business transformation strategy, is currently
16 underway and is anticipated to be delivered by the chief
17 information officer in July 2012.



1 The report explained that the State's budget reductions
2 over the last decade and lack of centralized governance of
3 information technology and information resource management have
4 resulted in minimal integration of business processes among
5 departments, duplication of efforts and redundant processes, and
6 aging legacy systems. Further, the State's current level of
7 investment in information technology and information resource
8 management is inadequate compared to benchmark standards found
9 in other states and existing best practices.

10 It is recognized that technology alone cannot address the
11 State's needs; simply automating obsolete or stove-piped
12 processes will not lead to better outcomes. What is required is
13 a re-thinking of the existing business processes throughout
14 state government, in every department, in order to take full
15 advantage of the transformation capabilities modern technology
16 offers. It is the chief information officer's and business
17 transformation executive's intention to embark upon a
18 prioritized enterprise-wide re-evaluation of business processes
19 and their enabling technologies in order to advance Hawaii to a
20 more agile, responsive, and transparent future state.

21 The re-thinking of business processes and the
22 transformation of the State's information technology



1 infrastructure and framework will result in increased
2 efficiencies through greater collaboration and information
3 sharing, improved effectiveness through eliminating
4 redundancies, enhanced levels of information security, future
5 cost savings, and business processes that will more closely
6 align with the business needs of the State. Additionally, the
7 new information technology framework that will be documented in
8 the strategic plan will include an enterprise architecture for
9 the State and will serve as the basis for annual tactical
10 operation plans going forward.

11 The defined initiatives resulting from the strategic plan
12 cannot be funded until fiscal year 2013-2014, but there are
13 basic and critical foundational elements that must be
14 implemented in fiscal year 2012-2013 in order for the State to
15 realize the greatest benefits of the overall transformation
16 initiative.

17 The legislature finds that these initiatives will provide
18 long-term benefits to not only the general public, but all state
19 employees, programs, agencies, and departments. In 2011, the
20 legislature dedicated three per cent of central service expenses
21 revenues to be deposited into the shared services technology



1 special fund to ensure a base level of support for continued
2 transformation of the State's technology infrastructure.

3 The legislature finds that in 2012 and 2013, there is a
4 unique opportunity to consolidate one-time savings from agencies
5 and departments statewide to provide a corpus of money to the
6 shared services technology special fund to be expended as needed
7 to fund the basic and foundational elements critical to the
8 success of the information technology strategic plan.

9 Executive Memorandum 12-01, dated January 26, 2012,
10 detailed potential savings in special and revolving funds
11 statewide in fiscal year 2012 available for transfer to the
12 shared services technology special fund. Analysis of fiscal
13 year 2013 revenues and expenditures indicate that similar
14 savings will be available in fiscal year 2013.

15 The purpose of this part is to reprioritize and transfer
16 moneys for the business and technology transformation initiative
17 to prepare the State for the larger transformation activities
18 that will be defined in the forthcoming information technology
19 strategic plan, which will include but not be limited to:

20 (1) Planning, designing, and requirements gathering
21 necessary to develop and implement an integrated



1 financial and human resource management system for the
2 State of Hawaii;

3 (2) Developing and implementing business process
4 reengineering and information technology
5 transformation activities that are required as
6 foundational elements to build a new state information
7 framework and to begin mitigating the critical
8 information technology challenges the State currently
9 faces;

10 (3) Developing and executing pilot projects that will
11 increase current information technology operational
12 capabilities; and

13 (4) Developing and implementing a governance structure to
14 ensure alignment of resources to strategic objectives,
15 reduce and simplify complex procedures and processes,
16 and realize future cost savings in a new state
17 information technology framework.

18 SECTION 2. Notwithstanding the provisions of section 37-
19 53, Hawaii Revised Statutes, all departments shall, with the
20 approval of the governor or the director of finance if so
21 delegated by the governor, transfer from any special fund or
22 revolving fund relating to such department to the shared



1 services technology special fund all or any portion of moneys
2 determined to be in excess of fiscal year 2012 and fiscal year
3 2013 requirements for such special fund or revolving fund
4 attributable to personal services savings.

5 SECTION 3. The judiciary shall, with the approval of the
6 chief justice, transfer from any special fund or revolving fund
7 relating to the judiciary to the shared services technology
8 special fund all or any portion of moneys determined to be in
9 excess of fiscal year 2012 and fiscal year 2013 requirements for
10 such special fund or revolving fund attributable to personal
11 services savings.

12 SECTION 4. All departments shall, with the approval of the
13 governor or the director of finance if so delegated by the
14 governor, transfer ten per cent of all appropriations
15 attributable to general fund vacant positions and any special
16 fund or revolving fund vacant positions relating to such
17 department in fiscal year 2012 and fiscal year 2013 to the
18 shared services technology special fund.

19 SECTION 5. The office of information management and
20 technology shall submit a report to the legislature no later
21 than November 1, 2012, on the use of funds appropriated, and



1 status of the projects, governance structure, modernization, and
2 integrated financial and human resource management system.

3 PART II

4 SECTION 6. The legislature finds that used state office
5 equipment with residual value is often discarded in landfills
6 once it is deemed outdated. There, the equipment harms the
7 environment generally and avian species in particular.
8 Simultaneously, many schools and nonprofit organizations need
9 office equipment and will accept or purchase the used equipment
10 from the State.

11 The legislature finds that amending chapter 103D, Hawaii
12 Revised Statutes, to require state departments and agencies to
13 sell or donate their used equipment with residual value before
14 disposing of the equipment will benefit schools, nonprofit
15 organizations, and the environment.

16 This part requires that after used state office equipment
17 is placed on the disposal list, as required by current
18 administrative rules, and remains on that list without being
19 accepted or purchased by a school or nonprofit for a designated
20 period of time, the equipment be sold to a company for recycling
21 or salvage.



1 SECTION 7. Chapter 103D, Hawaii Revised Statutes, is
2 amended by adding a new section to part XII to be appropriately
3 designated and to read as follows:

4 "§103D- Required donation or sale before discarding
5 equipment as solid waste. (a) After June 30, 2013, no state
6 surplus equipment shall be discarded as solid waste unless it
7 has been first:

8 (1) Offered for sale or donation to a school, school
9 district, or nonprofit organization; and

10 (2) Offered for sale through competitive sealed bid,
11 public auction, established market, or posted prices
12 to at least one organization or business capable of
13 refurbishing sellable equipment and removing
14 salvageable components.

15 (b) The department of accounting and general services, on
16 behalf of the state procurement office, shall submit a report to
17 the legislature, no later than twenty days prior to the regular
18 session of 2015, and each regular session thereafter indicating
19 the following:

20 (1) The quantity and nature of surplus equipment replaced
21 or upgraded;



- 1 (2) The quantity and nature of surplus equipment offered
2 for sale or donation to schools, school districts, and
3 nonprofit organizations;
- 4 (3) The quantity and nature of surplus equipment purchased
5 or accepted as a donation by schools, school
6 districts, and nonprofit organizations;
- 7 (4) The quantity and nature of surplus equipment purchased
8 by organizations or businesses capable of refurbishing
9 sellable equipment and removing salvageable
10 components; and
- 11 (5) The amount of proceeds generated from the sale of
12 surplus equipment to schools, school districts,
13 nonprofit organizations, and organizations and
14 businesses capable of refurbishing sellable equipment
15 and removing salvageable components.
- 16 (c) Proceeds generated from the sale of surplus equipment
17 shall be deposited pursuant to section 103D-1214.
- 18 (d) The department of accounting and general services and
19 the state procurement office may adopt rules, pursuant to
20 chapter 91, necessary to implement this section."



1 SECTION 8. Section 103D-1201, Hawaii Revised Statutes, is
2 amended by adding three new definitions to be appropriately
3 inserted and to read as follows:

4 "Nonprofit organization" means a private, nonprofit, tax-
5 exempt corporation, association, or organization listed in
6 section 501(c)(3), of the Internal Revenue Code of 1986, as
7 amended.

8 "School" means any day care center, child care facility,
9 headstart program, preschool, kindergarten, or elementary or
10 secondary school, public or private, including any special
11 school for children in the State.

12 "Surplus equipment" means typewriters, copiers,
13 calculators, telephones, cell phones, computers, computer
14 components, printers, and electronic devices typically used in
15 an office environment that are no longer in use by a department
16 and are deemed by the department to have residual market value."

17 PART III

18 SECTION 9. New statutory material is underscored.

19 SECTION 10. This Act shall take effect on July 15, 2030;
20 provided that part II shall take effect on July 1, 2030.



Report Title:

Information Technology Transformation Initiative; State
Equipment

Description:

Identifies and transfers money from designated sources into the shared services technology special fund for the State's information technology transformation initiative. Requires state departments to attempt to sell or donate office equipment to schools, nonprofits, or salvage businesses before disposal.
(SB2780 HD2)

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