



GOV. MSG. NO. 1277

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 27, 2022

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty-First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty-First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 27, 2022, the following bill was signed into law:

SB3040 SD2 HD1 CD1

RELATING TO PROCUREMENT.
ACT 176

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor

on JUN 27 2022

THE SENATE
THIRTY-FIRST LEGISLATURE, 2022
STATE OF HAWAII

ACT 176
S.B. NO. 3040
S.D. 2
H.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

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

1 SECTION 1. The legislature finds that during challenging
2 economic times, it is necessary for the State to investigate and
3 employ digital technology and other innovative ways of
4 maintaining and improving state services and infrastructure,
5 ensure input by stakeholders, and ensure the prudent and
6 cost-effective expenditure of public moneys.

7 The legislature further finds that the state procurement
8 office is responsible for reviewing the solicitation, award, and
9 administration of contracts, advising government agencies on
10 procurement issues, and providing procurement training to the
11 State's decentralized procurement staff. The state procurement
12 office administers statewide, multi-agency contracts that take
13 advantage of the State's aggregated purchasing power to leverage
14 better pricing and value for the State and the counties. In
15 fiscal year 2018-2019, these contracts saved the State and its
16 political subdivisions approximately \$19,000,000 in goods and
17 services, plus savings in personnel, purchasing, and subject
18 matter expert hours.



1 The legislature additionally finds that government
2 purchasing offices for several states operate using a
3 self-funded model derived from a transaction fee ranging from
4 one per cent to 2.5 per cent charged to all contracts in their
5 respective procurement automation systems.

6 The special committee on State of Hawaii procurement, which
7 has been reviewing state procurement policies and procedures,
8 informally notified the state procurement office that additional
9 oversight over complex procurement issues, such as construction
10 procurement for the State, is necessary.

11 The purpose of this Act is to improve procurement
12 efficiency, minimize risks, and save taxpayer dollars by:

- 13 (1) Defining the term "procurement automation system";
14 (2) Authorizing the administrator of the state procurement
15 office to develop and administer procurement
16 automation systems and develop a plan for charging and
17 collecting a transaction fee from all vendors using
18 the procurement automation systems to fund the
19 development, implementation, and maintenance of the
20 systems;



1 (3) Deleting language regarding qualified community
2 rehabilitation programs made redundant by Act 55,
3 Session Laws of Hawaii 2021; and

4 (4) Adding two full-time equivalent (2.0 FTE) positions.

5 SECTION 2. Section 103D-104, Hawaii Revised Statutes, is
6 amended by adding a new definition to be appropriately inserted
7 and to read as follows:

8 "Procurement automation system" means an electronic
9 procurement, accounting-oriented, multi-module, data-based
10 system that integrates procurement activities from solicitation
11 to contract management."

12 SECTION 3. Section 103D-206, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "§103D-206 Additional duties of the administrator of the
15 procurement office. In addition to the duties referred to in
16 section 103D-205, the administrator shall:

17 (1) Perform periodic review of the procurement practices
18 and procedures of all governmental bodies, in
19 collaboration with the state procurement policy board,
20 for compliance with the procurement code;



- 1 (2) Assist, advise, and guide governmental bodies in
- 2 matters relating to procurement;
- 3 (3) Determine corrective actions; provided that if a
- 4 procurement officer under the jurisdiction of the
- 5 administrator of the state procurement office or a
- 6 chief procurement officer of any of the other state
- 7 entities under section 103D-203, fails to comply with
- 8 any determination rendered by the administrator within
- 9 thirty days from the date of the issuance of the
- 10 determination, or longer if permitted by the
- 11 administrator upon request by the procurement officer
- 12 or a chief procurement officer, the procurement
- 13 officer or chief procurement officer shall be subject
- 14 to an administrative fine under section 103D-106, for
- 15 every day of noncompliance;
- 16 (4) Develop and administer a statewide procurement
- 17 orientation and training program;
- 18 (5) Develop, distribute, and maintain a procurement manual
- 19 for all state procurement officials; [~~and~~]



- 1 (6) Develop, distribute, and maintain a procurement guide
- 2 for vendors wishing to do business with the State and
- 3 its counties[-]; and
- 4 (7) Develop and administer procurement automation systems,
- 5 including methods to assess, charge, and collect a
- 6 transaction fee for the use of the procurement
- 7 automation systems to cover procurement automation
- 8 system costs."

9 SECTION 4. Section 103D-1010, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Any governmental body, without advertising or calling
12 for bids, may purchase goods or services provided by qualified
13 community rehabilitation programs serving persons with
14 disabilities that have indicated an interest in supplying the
15 goods or services and on an equitable basis may apportion the
16 business among the interested programs; provided that the goods
17 and services meet the specifications and needs of the purchasing
18 agency and are purchased at a fair market price as determined by
19 the appropriate public agency; and provided further that the
20 programs [~~comply with the following:~~



- 1 ~~(1) Meet~~] meet all of the requirements of a qualified
2 community rehabilitation program under section
3 103D-1001 [~~and~~
4 ~~(2) Maintain a disabled to non disabled employee ratio~~
5 ~~equal to or in excess of three to one for work hours~~
6 ~~of direct labor at all times on the work contracted]."~~

7 SECTION 5. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$150,000 or so much
9 thereof as may be necessary for fiscal year 2022-2023 to fund
10 two full-time equivalent (2.0 FTE) positions to manage, guide,
11 and oversee the procurement automation system within the state
12 procurement office.

13 The sum appropriated shall be expended by the state
14 procurement office for the purposes of this Act.

15 SECTION 6. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 7. This Act shall take effect on July 1, 2022.



S.B. NO. 3040
S.D. 2
H.D. 1
C.D. 1

APPROVED this 27th day of June, 2022


A handwritten signature in black ink, appearing to read "David I. Ige". The signature is fluid and cursive, with a large, sweeping flourish at the end.


GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAI‘I

Date: May 3, 2022
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2022.


President of the Senate


Clerk of the Senate

SB No. 3040, SD 2, HD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2022
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2022.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives