
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 it is necessary for
2 the State to investigate and employ new and innovative ways of
3 maintaining and improving state services and infrastructure,
4 while ensuring the prudent and cost-effective expenditure of
5 public moneys.

6 The legislature further finds that in 2022, the legislature
7 authorized a procurement automation system for the executive
8 branch and state agencies. This procurement automation system
9 increases efficiency, saves personnel time, maintains
10 consistency, mitigates confusion for both the buyer and
11 contractor, and produces accurate purchasing data to leverage
12 economies of scale. The legislature also authorized the state
13 procurement office to implement a transaction fee imposed upon
14 vendors using the procurement automation system beginning in
15 fiscal year 2024-2025. This fee is intended to pay for the
16 management of the procurement automation system, including but
17 not limited to implementation, legacy transition, maintenance,



1 system training, and system configuration. This fee is
2 estimated to save the state approximately \$1,200,000 in general
3 funds each year and will assist with funding the growth and
4 enhancement of the procurement automation system.

5 While the legislature authorized the implementation of the
6 procurement automation system and a transaction fee collected
7 from vendors using the system, the legislature stopped short of
8 authorizing a state procurement automation system special fund
9 to hold the transaction fee. Until a special fund is authorized
10 and established, the fees are being held in trust by the vendor
11 who developed the procurement automation system; the state
12 procurement office does not have direct control of the fees.
13 The establishment of a special fund would direct that all fees
14 received by the state procurement office pursuant to section
15 103D-206(7), Hawaii Revised Statutes, be deposited into the
16 state procurement automation system special fund to be
17 administered by the state procurement office for the
18 implementation and configuration of the procurement automation
19 system's Marketplace and eProcurement system, as well as its
20 maintenance, enhancement, and expansion of additional modules to



1 remain relevant and current with industry standards for the
2 benefit of all stakeholders statewide.

3 The legislature also finds that the school facilities
4 authority was established in 2020 by Act 72, Session Laws of
5 Hawaii 2020, codified at section 302A-1702, Hawaii Revised
6 Statutes, with a mandate that the executive director of the
7 school facilities authority serve as its chief procurement
8 officer. Therefore, it is necessary to designate the executive
9 director of the school facilities authority as its chief
10 procurement officer in the Hawaii Public Procurement Code.

11 The purpose of this Act is to enhance procurement
12 accountability by:

- 13 (1) Establishing the state procurement automation system
14 special fund to receive the transaction fees from the
15 procurement automation system to pay for its
16 administration, management, operation, maintenance,
17 and upgrade of the procurement automation system; and
18 (2) Aligning section 103D-203(a), Hawaii Revised Statutes,
19 with section 302A-1702, Hawaii Revised Statutes, by
20 adding the executive director of the school facilities



1 authority as the chief procurement officer for the
2 school facilities authority.

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

6 "§103D- State procurement automation system special
7 fund; transaction fee. (a) There is established in the state
8 treasury the state procurement automation system special fund to
9 be administered by the state procurement office and into which
10 shall be deposited:

11 (1) Vendor-collected transaction fees, pursuant to section
12 103D-206(7), for administration, management,
13 operation, maintenance, and upgrade of the procurement
14 automation system; and

15 (2) Appropriations made by the legislature to the special
16 fund.

17 (b) The state procurement automation special fund shall be
18 expended by the administrator of the state procurement office
19 for the purposes of the administration, management, operation,
20 maintenance, and upgrade of the procurement automation system."



1 SECTION 3. Section 103D-203, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) The chief procurement officer for each of the
4 following state entities shall be:

5 (1) The judiciary--the administrative director of the
6 courts;

7 (2) The senate--the president of the senate;

8 (3) The house of representatives--the speaker of the house
9 of representatives;

10 (4) The office of Hawaiian affairs--the chairperson of the
11 board;

12 (5) The [~~University~~] university of Hawaii--the chief
13 financial officer of the [~~University~~] university of
14 Hawaii;

15 (6) The department of education, excluding the Hawaii
16 public library system--the superintendent of
17 education;

18 (7) The Hawaii health systems corporation--the chief
19 executive officer of the Hawaii health systems
20 corporation; [~~and~~]



1 (8) The school facilities authority--the executive
2 director of the school facilities authority; and
3 ~~[(8)]~~ (9) The remaining departments of the executive branch
4 of the State and all governmental bodies
5 administratively attached to them--the administrator
6 of the state procurement office of the department of
7 accounting and general services."

8 SECTION 4. Section 103D-204, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) There shall be a state procurement office, placed for
11 administrative purposes only, within the department of
12 accounting and general services, which shall be headed by the
13 administrator of the state procurement office. The
14 administrator shall be the chief procurement officer for those
15 governmental bodies of the executive branch as provided in
16 section [~~{103D-203(a)(8)}~~]. 103D-203(a)(9). The administrator
17 shall be a full-time public official. The administrator shall
18 serve a term of four years, and shall be paid a salary not to
19 exceed eighty-seven per cent of the salary of the director of
20 human resources development, without diminution during the



1 administrator's term of office unless by general law applying to
2 all deputies or assistants to department heads."

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect upon its approval;
6 provided that the amendments made to section 103D-203(a), Hawaii
7 Revised Statutes, by this Act shall not be repealed when section
8 103D-203(a), Hawaii Revised Statutes, is reenacted on June 30,
9 2028, pursuant to Section 16 of Act 8, Special Session Laws of
10 Hawaii 2021, as amended by section 3 of Act 111, Session Laws of
11 Hawaii 2024.



H.B. NO. 987
H.D. 1
S.D. 1
C.D. 1

Report Title:

SPO; State Procurement Automation System Special Fund; Chief
Procurement Officers; School Facilities Authority

Description:

Establishes a Procurement Automation System Special Fund to be
administered by the State Procurement Office. Adds the
Executive Director of the School Facilities Authority as the
Chief Procurement Officer for the School Facilities Authority in
the Hawaii Public Procurement Code. (CD1)

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