
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 2021-2022. 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, shall be deposited into
16 the 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 through section 302A-1702,
5 Hawaii Revised Statutes, under Act 72, Session Laws of Hawaii
6 2020, and mandated that the executive director of the school
7 facilities authority serve as its chief procurement officer.

8 The amendment to section 103D-203, Hawaii Revised Statutes, is a
9 housekeeping measure that adds the school facilities authority
10 executive director as a chief procurement officer.

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 school facilities authority executive
21 director as a chief procurement officer.



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

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

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

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

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

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



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

3 (1) The judiciary--the administrative director of the
4 courts;

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

6 (3) The house of representatives--the speaker of the house
7 of representatives;

8 (4) The office of Hawaiian affairs--the chairperson of the
9 board;

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

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

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

19 (8) The school facilities authority--the executive
20 director of the school facilities authority; and



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

6 SECTION 4. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act shall take effect on July 1, 3000;
9 provided that the amendments made to section 103D-203(a), Hawaii
10 Revised Statutes, by this Act shall not be repealed when section
11 103D-203(a), Hawaii Revised Statutes, is reenacted on June 30,
12 2028, pursuant to Section 16 of Act 8, Special Session Laws of
13 Hawaii 2021, as amended by section 3 of Act 111, Session Laws of
14 Hawaii 2024.



Report Title:

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

Description:

Establishes a procurement automation system special fund. Adds
the Executive Director of the School Facilities Authority as a
chief procurement officer. Effective 7/1/3000. (HD1)

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not legislation or evidence of legislative intent.*

