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# A BILL FOR AN ACT

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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 on July 1, 3000;  
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.



**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. Effective 7/1/3000. (SD1)

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

