

ACT 310

S.B. NO. 2333

A Bill for an Act Relating to Purchases of Services.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 42D-22, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) A purchase of service agreement may be authorized for a period not to exceed [two] four years, except as provided in section 42D-12.”

SECTION 2. Act 194, Session Laws of Hawaii 1992, is amended by amending section 20 to read as follows:

“SECTION 20. This Act shall take effect on July 1, 1992, and shall be repealed on July 1, [1996;] 1998; provided that sections 42D-1, 42D-2, 42D-3, 42D-4, 42D-5, 42D-6, 42D-7(a), 42D-8, 42D-9, 42D-12(a), 42D-21(b) and (c), 42D-23, 42D-24(a), 42D-25, 42D-31, 42D-32, 42D-33, and 42D-34 shall be reenacted in the form in which they read on the day before the approval of this Act.”

SECTION 3. (a) The responsibility for all purchase of service contracts under chapter 42D, Hawaii Revised Statutes (HRS), is transferred to the state procurement office effective July 1, 1998. During the interim period from the effective date of this Act to July 1, 1998, the administrator of the state procurement office shall prepare for the transfer of the responsibility for purchase of service contracts. Effective July 1, 1998, the purchase of service system shall be transferred from chapter 42D, HRS, to chapter 103D, HRS, to provide for the procurement of all services under one chapter.

During the two-year transition period, the administrator of the state procurement office shall work with purchase of service providers and affected departments to develop and design a concrete, detailed, and comprehensive procedure to process purchase of service contracts to replace the purchase of service contract procedures presently provided in chapter 42D, HRS; provided that in the design of the procedure the administrator shall establish an advisory council or councils to assist in the

processing of such contracts. Each department involved in the purchase of service system shall fully cooperate with the administrator at section, branch, division, and departmental levels.

Toward this end the administrator shall also develop and implement a transition plan to develop necessary and desirable planning and procurement procedures. The transition plan shall be completed no later than December 31, 1996, and may be prepared by a consultant hired by the administrator. The transition plan shall include, but not be limited to:

- (1) Planning procedures and processes that establish criteria for developing:
 - (A) Purchase of service contract requirements, including the manner and need for provider input into the executive decision making process;
 - (B) A contract evaluation mechanism;
 - (C) A contract extension evaluation mechanism;
 - (D) A needs assessment mechanism; and
 - (E) A defined schedule necessary to implement the purchase of service system.
- (2) Developing procurement procedures, if necessary, for:
 - (A) Chapter 103D, HRS, including consideration of whether a separate procurement process for purchase of service is desirable; and
 - (B) The rulemaking process.

SECTION 4. By December 31, 1996, the administrator shall submit a report to the legislature detailing and explaining the proposed new procedures to process purchase of service contracts, together with a draft of any proposed legislation necessary to implement the administrator's proposals.

SECTION 5. To effectuate the transition plan:

- (1) One Planner VI shall be loaned from the office of state planning to the state procurement office; and
- (2) One program specialist and one clerical staff person shall be loaned to the state procurement office from any of the departments which use the purchase of service system.

No officer or employee of the State having tenure loaned to the state procurement office shall suffer any loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefits or privileges as a consequence of this Act.

SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$90,000, or so much thereof as may be necessary for fiscal year 1996-1997, for operating expenses necessary to carry out the purposes of this Act.

SECTION 7. The sum appropriated shall be expended by the state procurement office for the purposes of this Act.

SECTION 8. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 9. This Act shall take effect on June 30, 1996.

(Approved July 3, 1996.)