



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 12, 2018

**GOV. MSG. NO. 1142**

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

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Twenty-Ninth 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 12, 2018, the following bill was signed into law:

SB2831 SD2 HD1 CD1

RELATING TO PROCUREMENT FOR THE  
UNIVERSITY OF HAWAII  
**ACT 042 (18)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

---

---

# A BILL FOR AN ACT

RELATING TO PROCUREMENT FOR THE UNIVERSITY OF HAWAII.

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

1           SECTION 1. The legislature finds that Act 87, Session Laws  
2 of Hawaii 2013, was enacted to: (1) remove the university  
3 president's full authority to act as chief procurement officer  
4 for the university for all procurement contracts under chapter  
5 103D, Hawaii Revised Statutes, (2) transfer authority to the  
6 administrator of the state procurement office to act as chief  
7 procurement officer with respect to university construction  
8 contracts and university professional services contracts  
9 relating to construction, and (3) address concerns about the  
10 prudent and transparent management of public funds appropriated  
11 by the legislature and expended by the university for  
12 construction. Since its enactment, Act 87 has resulted in a  
13 bifurcated procurement system at the university wherein a  
14 different set of rules and procedures applies depending on  
15 whether the procurement involves construction or construction  
16 related professional services for university construction  
17 projects. Requirements for construction or professional  
18 services furnished by licensees under chapter 464, Hawaii



1 Revised Statutes, must comply with the Hawaii public procurement  
2 code and procedures governing state executive branch agencies,  
3 while requirements for goods and services must comply with the  
4 Hawaii public procurement code and university executive and  
5 administrative procedures governing university transactions.

6 In January 2016, the state procurement office issued its  
7 report to the legislature as required under Act 87, which  
8 documents the extensive oversight, reviews, and coordination  
9 between the university and the state procurement office on  
10 procurements involving construction and professional services  
11 related to construction. The conclusion of the state  
12 procurement office in the report was that "based on SPO's review  
13 of 102 UH construction solicitations, UH's Administrative  
14 Procedures, and 14 post-award Site Visits, SPO finds that UH is  
15 conducting construction procurements in a compliant, efficient  
16 and transparent manner." In the report, the state procurement  
17 office further set forth minimum recommendations for improvement  
18 and mentioned several university specific procedures as "best-  
19 practices."

20 The purpose of this Act is to reinstate and restore full  
21 authority to the university president to act as the university's



1 chief procurement officer for all procurement contracts under  
2 chapter 103D, Hawaii Revised Statutes.

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

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

- 7 (1) The judiciary--the administrative director of the  
8 courts;
- 9 (2) The senate--the president of the senate;
- 10 (3) The house of representatives--the speaker of the house  
11 of representatives;
- 12 (4) The office of Hawaiian affairs--the chairperson of the  
13 board;
- 14 (5) The University of Hawaii--the president of the  
15 University of Hawaii; [~~provided that, except as~~  
16 ~~specified in section 304A-2672(2), for contracts for~~  
17 ~~construction and professional services furnished by~~  
18 ~~licensees under chapter 464, the administrator of the~~  
19 ~~state procurement office of the department of~~  
20 ~~accounting and general services shall serve as the~~  
21 ~~chief procurement officer,]~~



1 (6) The department of education, excluding the Hawaii  
2 public library system--the superintendent of  
3 education;

4 (7) The Hawaii health systems corporation--the chief  
5 executive officer of the Hawaii health systems  
6 corporation; and

7 (8) The remaining departments of the executive branch of  
8 the State and all governmental bodies administratively  
9 attached to them--the administrator of the state  
10 procurement office of the department of accounting and  
11 general services."

12 SECTION 3. Section 304A-2672, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "§304A-2672 Powers of the board. Notwithstanding any law  
15 to the contrary, the board may:

16 (1) Designate as a university project, any undertaking,  
17 improvement, or facility on any one or more of the  
18 areas in one or more of the educational institutions  
19 under the jurisdiction of the board;

20 (2) Construct and maintain university projects, including  
21 a university project included or to be in a university



1 system; [~~provided that all procurements for~~  
2 ~~professional services furnished by licensees under~~  
3 ~~chapter 464 for construction projects shall be~~  
4 ~~coordinated with the department of accounting and~~  
5 ~~general services on behalf of the board; provided~~  
6 ~~further that the department of accounting and general~~  
7 ~~services shall not be responsible for procurements~~  
8 ~~determined by both the University of Hawaii and the~~  
9 ~~department of accounting and general services to be~~  
10 ~~professional services furnished by licensees under~~  
11 ~~chapter 464 for repair and maintenance;]~~

- 12 (3) Combine two or more university projects into a  
13 university system on one or more of the areas on any  
14 one or more of the educational institutions under the  
15 jurisdiction of the board, and to maintain the system;
- 16 (4) Combine two or more university projects, university  
17 systems, or university projects and university systems  
18 into a network, on any one or more of the areas on any  
19 one or more of the educational institutions under the  
20 jurisdiction of the board, and to maintain the  
21 network;



- 1           (5) Prescribe and collect rents, fees, and charges for the  
2           use of or services furnished by any university project  
3           and the facilities thereof, and pledge any  
4           appropriation to any university project and the  
5           facilities thereof that in aggregate, produces revenue  
6           of the university at least sufficient to comply with  
7           section 304A-2681;
- 8           (6) With the approval of the governor, issue revenue bonds  
9           under this subpart in such principal amount as may be  
10          authorized by the legislature from time to time to  
11          finance in whole or in part the cost of construction  
12          or the cost of maintenance of any university project,  
13          including funding reserves therefor;
- 14          (7) Pledge to the punctual payment of revenue bonds and  
15          interest thereon, all or any part of the revenue of  
16          the university, including any appropriation, in an  
17          amount sufficient to pay the revenue bonds and  
18          interest as the same become due and to create and  
19          maintain reasonable reserves therefor;



1 (8) Establish a loan program or a commercial paper program  
2 upon terms and conditions that the board may  
3 determine; and

4 (9) Advance moneys of the university, not otherwise  
5 required, and do any and all other lawful acts as may  
6 be necessary, convenient, or desirable, for carrying  
7 into execution and administering this subpart."

8 SECTION 4. The University of Hawaii shall submit an annual  
9 report to the legislature detailing a list of all capital  
10 improvement projects approved by the board of regents  
11 prioritized by each campus no later than twenty days prior to  
12 the convening of each regular session.

13 SECTION 5. Statutory material to be repealed is bracketed  
14 and stricken.

15 SECTION 6. This Act shall take effect upon its approval;  
16 provided that on June 30, 2021, this Act shall be repealed and  
17 sections 103D-203(a) and 304A-2672, Hawaii Revised Statutes,  
18 shall be reenacted in the form in which they read on the day  
19 prior to the effective date of this Act.

APPROVED this 12 day of JUN, 2018



GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: May 1, 2018  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the  
Senate of the Twenty-ninth Legislature of the State of Hawai‘i, Regular Session of 2018.

  
President of the Senate

  
Clerk of the Senate

SB No. 2831, SD 2, HD 1, CD 1

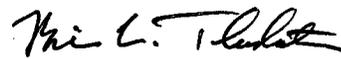
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 1, 2018  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2018.



Scott K. Saiki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives