

JAN 27 2021

---

# 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 a fundamental  
2 objective of the State's procurement practices and procedures is  
3 to control, and where possible, appropriately minimize costs to  
4 the State and counties, including both immediate and future  
5 costs. The procurement of goods, services, and construction by  
6 the State and counties can materially affect the ongoing "life-  
7 cycle" operating and maintenance costs of the State and  
8 counties.

9           The legislature further finds that although existing law  
10 encourages consideration of ongoing life-cycle costs for  
11 purposes of promoting energy efficiency, it does not require or  
12 effectively provide for full and effective accounting and  
13 consideration of life-cycle operation and maintenance costs in  
14 procurement practices and procedures. Full and effective  
15 accounting and consideration of life-cycle costs in the  
16 procurement of goods, services, and construction is critical to  
17 ensure economical management of the financial resources of the



1 State and counties. The purpose of this Act is to require the  
2 procurement policy board to adopt specific procurement rules  
3 incorporating life-cycle operation as a requirement of state  
4 procurements by December 31, 2021.

5 SECTION 2. Section 103D-104, Hawaii Revised Statutes, is  
6 amended by adding a new definition to be appropriately inserted  
7 and to read as follows:

8 "Life-cycle costs" means the sum of the present value of  
9 investment costs, capital costs, installation costs, energy  
10 costs, operating costs, maintenance costs, and disposal costs,  
11 over the lifetime of the project, product, or measure."

12 SECTION 3. Section 103D-211, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 **"§103D-211 Procurement rules.** (a) The procurement policy  
15 board shall adopt all rules necessary to carry out the purposes  
16 of this chapter and to implement its provisions in accordance  
17 with chapter 91. The policy board shall not delegate its power  
18 to adopt rules.

19 (b) No rule shall change any commitment, right, or  
20 obligation of the State or of a contractor under a contract in  
21 existence on the effective date of such rule.



1        (c) On or before December 31, 2021, the procurement policy  
2 board shall adopt and, as necessary, amend rules:

3        (1) To ensure that the expected operation, maintenance,  
4 disposal, and any directly induced costs to the State  
5 and counties over the life of goods, services, and  
6 construction resulting from procurements in accordance  
7 with chapters 103 and 103D are:

8        (A) Fully and appropriately considered;

9        (B) Explicitly specified, addressed, or required in  
10 the purchase description and contractual terms  
11 and conditions applicable to procurements and in  
12 the requirements and criteria set forth in  
13 invitations for bids; and

14        (C) Explicitly quantified and considered in the  
15 evaluation of bids in the event, and to the  
16 extent, that bids materially differ with respect  
17 to operation, maintenance, disposal, and any  
18 directly induced costs;

19        (2) To provide standards and procedures for the effective  
20 consideration of expected operation, maintenance,  
21 disposal, and any directly induced costs, including:





# S.B. NO. 1391

**Report Title:**

Procurement Policy Board; Procurement Rules; Life-cycle Costs

**Description:**

Requires the procurement policy board to adopt specific procurement rules relating to life-cycle cost analysis by December 31, 2021.

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

