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# 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 important that  
2 the state government utilize local businesses and entities  
3 whenever practically possible as it is in the best interest of  
4 the State to direct its vast internal operational resources  
5 toward supporting Hawaii's economic infrastructure. The  
6 legislature further finds that one such area of support is using  
7 a Hawaii chartered bank or credit union for the utilization of  
8 the State's purchasing card program, or P-card program, which is  
9 the system of credit cards used by state agencies for state  
10 approved purchases of goods and services. The legislature  
11 additionally finds that it is of utmost importance to ensure  
12 that the money being spent by the State for these necessities  
13 stays within local financial institutions to strengthen the  
14 State's financial sectors and grow the State's overall economy  
15 internally.

16       The legislature also finds that using offshore banks  
17 chartered in other areas will direct state resources to the



1 benefit of other entities at the expense of Hawaii's own  
2 financial well-being. The legislature further finds that using  
3 off-shore banking entities for the state P-card program could  
4 create issues of oversight and accountability, insofar as  
5 service and quality control for the state's resources. The  
6 legislature is concerned that the P-card program has been  
7 awarded to an offshore entity and that the previous performance  
8 issues of this entity highlight the concerns of a procurement  
9 award that disadvantages local financial entities against that  
10 of offshore entities. Besides having no discernable market  
11 experience or presence in Hawaii, the legislature is concerned  
12 that this entity in particular has a history of broken  
13 settlement promises to the State, counties, and in particular  
14 Native Hawaiian businesses and homeowners. Furthermore, the  
15 legislature finds that this offshore entity has breached its  
16 exclusive contract with another state and violated the rights of  
17 thousands of benefit recipients under that state's program,  
18 which it ran when the bank failed to implement basic Payment  
19 Card Industry Data Security Standard industry-standards on its  
20 cards and also generated numerous complaints of spotty service  
21 and oversight.



1       The legislature additionally finds that bid preferences and  
2 other areas of the procurement code afford local businesses a  
3 preference insofar as awarding of state contracts, given the  
4 concerns and the precedence of bid preferences for local  
5 entities. The legislature further finds that giving a  
6 preference to local financial institutions for the state P-pard  
7 Program would serve the fairness and balance of the procurement  
8 code while protecting the State's interests.

9       The purpose of this Act is to establish a preference for  
10 the state purchasing card program to contract with a bank or  
11 credit union located within the State to provide services for  
12 the program.

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

16       "§103D-       Purchasing card program; contracts; preference.  
17 In establishing a purchasing card program to provide government  
18 agencies with a state procurement card, the state procurement  
19 office shall give preference for contracting with a bank or  
20 credit union domiciled in the State to provide services for the  
21 program."



- 1 SECTION 3. New statutory material is underscored.
- 2 SECTION 4. This Act shall take effect upon its approval.
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**Report Title:**

Procurement; Purchasing Card Program; Contracts; Preference

**Description:**

Requires the state procurement office to give preference to a bank or credit union located in Hawaii to provide services for a purchasing card program. (HD1)

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

