

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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**TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE**

**TO THE SENATE COMMITTEE  
ON  
JUDICIARY**

March 4, 2022; 10:30 AM

**SENATE BILL 2383, SD1  
RELATING TO THE STATE PROCUREMENT POLICY BOARD**

Chair Rhoads, Vice Chair Keohokalole, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2383 SD1. The State Procurement Office (SPO) supports this bill because it is critical for the SPO in overcoming roadblocks to adopt, amend, or repeal administrative rules and carry out the objectives of Chapters 103D and 103F, Hawaii Revised Statutes.

Pursuant to Sections 103D-201, 103D-202, and 103F-106 of the Hawaii Revised Statutes (HRS), the seven-member Procurement Policy Board (PPB) adopts, amends, or repeals, administrative rules to carry out and effectuate the purpose and provisions of Chapter 103D, Hawaii Revised Statutes (HRS), governing the procurement, management, control, and disposal of any and all goods, services, construction, and Chapter 103F, HRS, for the purchase of health and human services. The PPB considers and decides on matters of policy, including those referred to it by a chief procurement officer; audits and monitors the implementation of its Hawaii Administrative Rules (HAR) and the requirements of its statutes. The PPB also issues Procurement Directives to transmit the HAR and policies, and review applications for and recommends the appointment of the administrator for State Procurement Office.

When it was active, the PPB had been outstanding in its tasks, and its members have provided valuable input as representatives of their respective sectors. The PPB last held a meeting in May 2019 but has not been able to hold subsequent meetings due to attrition, a lack of applications to fill resulting vacancies, and the inability to meet quorum. At the end of the 2022 Legislative Session, the PPB will have the Comptroller as its only member after losing a holdover member pursuant to Section 26-34(b), HRS.

The appointment of PPB members follows a process that requires a minimum number of applicants, the appointment of the Procurement Policy Board Nominating Committee, and review of applications by the Nominating Committee. While there are well-qualified individuals who have

submitted applications, the **number** of applications submitted do not meet the requirement stated in Section 103D-201(3), HRS: “The initial and subsequent members of the policy board, other than the comptroller, shall be appointed by the governor from a list of **three** individuals for each vacant position, submitted by a nominating committee composed of four individuals chosen as follows: two persons appointed by the governor; one person appointed by the president of the senate; and one person appointed by the speaker of the house.”

The inability for the PPB to meet hinders the SPO’s ability to adopt, amend, or repeal administrative rules to carry out the objective of Chapter 103D, Hawaii Revised Statutes. In place of the PPB, the SPO will adhere to Chapter 91, HRS, to provide the balance necessary to ensure fair and equitable treatment to government entities, vendors, and stakeholders.

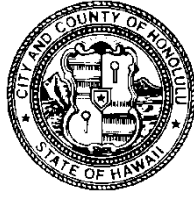
The SPO recommends that the definition of “Policy board” be removed from Section 103D-104(3), HRS: ~~“Policy board” means the procurement policy board created in section 103D-201.”~~

The SPO also recommends that “policy board” be replaced with “state procurement office” in Chapters 103D and 103F (listed below), and in **all instances** where “policy board” appears in the HRS:

§103D-102	§103D-308	§103D-702	§103D-1107
§103D-104	§103D-310	§103D-703	§103D-1201
§103D-106	§103D-311	§103D-704	§103D-1202
§103D-108	§103D-312	§103D-709	§103D-1203
§103D-205	§103D-313	§103D-802	§103F-101
§103D-206	§103D-322	§103D-804	§103F-106
§103D-208	§103D-323	§103D-901	§103F-402
§103D-209	§103D-324	§103D-902	§103F-403
§103D-211	§103D-325	§103D-906	§103F-405
§103D-213	§103D-401	§103D-1004	§103F-407
§103D-302	§103D-407	§103D-1005	§103F-408
§103D-303.5	§103D-408	§103D-1006	§103F-411
§103D-304	§103D-501	§103D-1009	§103F-501
§103D-305	§103D-601	§103D-1103	§103F-504
§103D-306	§103D-701	§103D-1105	

Thank you.

RICK BLANGIARDI  
MAYOR



ANDREW T. KAWANO  
DIRECTOR

CARRIE CASTLE  
DEPUTY DIRECTOR

TESTIMONY OF ANDREW T. KAWANO  
DIRECTOR OF BUDGET AND FISCAL SERVICES  
CITY AND COUNTY OF HONOLULU  
BEFORE THE SENATE COMMITTEE ON JUDICIARY  
**March 4, 2022, 10:30 AM, Videoconference**

TO: The Honorable Karl Rhoads, Chair  
and Members of the Senate Committee on Judiciary

RE: OPPOSITION OF SENATE BILL 2383, SD1, RELATING TO THE  
PROCUREMENT POLICY BOARD

The Department of Budget and Fiscal Services, City and County of Honolulu (City), **opposes** Senate Bill (SB) 2383, SD1, Relating to the Procurement Policy Board.

The City prefers to have Hawaii Revised Statutes §103D-201 be amended to allow for all vacancies to be filled, instead of eliminating the policy board completely and giving all administrative rule making authority to a single person.

For the reasons stated above, the City respectfully opposes Senate Bill 2383, SD1.

Mahalo for the opportunity to testify on this bill. Should you have any questions or concerns, please feel free to contact the Department of Budget & Fiscal Services' Division of Purchasing at 808-768-5535 or [bfs purchasing@honolulu.gov](mailto:bfs purchasing@honolulu.gov).



*Eric W. Gill, Financial Secretary-Treasurer*

*Gemma G. Weinstein, President*

*Godfrey Maeshiro, Senior Vice President*

March 1, 2022

Committee on Judiciary  
Senator Karl Rhoads, Chair  
Senator Jarrett Keohokalole, Vice Chair

### **Testimony in opposition to SB 2383**

Chair Rhoads, Vice Chair Keohokalole and Members of the Committee:

UNITE HERE Local 5 represents over 11,500 people working in the hotel, food service and health care industries throughout Hawaii. UNITE HERE Local 5 stands in opposition to SB2383.

Neither the State Procurement Office (through this legislation) nor the DHHL (through SB3104) should be allowed to make rules in secret with no public notice and no public hearings. Neither should be allowed to put these “interim” rules in effect for up to 18 months. **It would be an understatement to say that this creates a situation ripe for abuse; abuse of such a process is practically guaranteed.** SB2383 and SB3104 undermine the public’s system of checks and balances in an especially important place – the place where corporations stand to be awarded potentially long-term, lucrative government contracts.

We fail to see how this bill, or SB3104, or any of the other current or recent bills that would weaken public procurement rules, is in the public’s best interest. Please do not pass SB 2383.

Thank you for your consideration.



**Testimony to the Senate Committee on Judiciary  
Senator Karl Rhoads, Chair  
Senator Jarrett Keohokalole, Vice-Chair  
Friday, March 4, 2022, 10:30 a.m.  
Via Videoconference  
SB 2383, SD1, Relating to the State Procurement Policy Board**

Dear Chair Rhoads, Vice-Chair Keohokalole, and members of the Judiciary Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our testimony in opposition to SB 2383, SD1, Relating to the State Procurement Policy Board.

Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

SB 2383, SD1 would repeal the State Procurement Policy Board and transfer its duties to the State Procurement Office, among other changes. HANO strongly opposes the elimination of the State Procurement Policy Board which provides the means for oversight and direction of procurement matters. Presently, two of the Board's members represent the field of health and human services which gives this sector an important voice in the implementation of Chapter 103F, HRS.

Instead of taking the drastic measure of complete elimination, HANO supports efforts to streamline and strengthen the nominating process, such as those proposed in the Administration's Senate Bill 3040.

Mahalo for the opportunity to provide written testimony.

Lisa Maruyama  
President and CEO