



GOV. MSG. NO. 1212

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

June 27, 2024

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

The Honorable Scott K. Saiki
Speaker, and Members of the
House of Representatives
Thirty-Second 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 27, 2024, the following bill was signed into law:

HB2499 HD2 SD2 CD1

RELATING TO PROCUREMENT FOR THE
UNIVERSITY OF HAWAII.
ACT 111

Sincerely,

Josh Green, M.D.
Governor, State of Hawai'i

HOUSE OF REPRESENTATIVES
THIRTY-SECOND LEGISLATURE, 2024
STATE OF HAWAII

H.B. NO. 2499
H.D. 2
S.D. 2
C.D. 1

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



1 services furnished by licensees under chapter 464, Hawaii
2 Revised Statutes, had to comply with the Hawaii public
3 procurement code and procedures governing state executive branch
4 agencies, while requirements for goods and services had to
5 comply with the Hawaii public procurement code and university
6 executive and administrative procedures governing university
7 transactions.

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



1 Act 42, Session Laws of Hawaii 2018 (Act 42), reinstated
2 and restored full authority to the president of the university
3 of Hawaii to act as the university's chief procurement officer
4 for all procurement contracts under chapter 103D, Hawaii Revised
5 Statutes. Act 42 also included a repeal and reenactment date of
6 June 30, 2021. Following the conclusion of the 2021 regular
7 session, the legislature found that on June 30, 2021, the
8 provisions of Act 42 were repealed. During the 2021 first
9 special session, the legislature passed Act 8, Special Session
10 Laws of Hawaii 2021, which temporarily reenacted provisions
11 amended by Act 42 for the purpose of extending, for three years,
12 the authority of the president of the university of Hawaii to
13 act as the university of Hawaii's chief procurement officer for
14 all procurement contracts under chapter 103D, Hawaii Revised
15 Statutes.

16 The legislature finds that it is a matter of statewide
17 concern pursuant to article X, section 6, of the Hawaii State
18 Constitution, that the chief financial officer of the University
19 of Hawaii simultaneously serves as the chief procurement officer
20 for the university of Hawaii system.



1 Accordingly, the purpose of this Act is to:

2 (1) Designate the chief financial officer of the
3 university of Hawaii as the chief procurement officer
4 for the university; and

5 (2) Extend the sunset date for the designation of the
6 university of Hawaii chief procurement officer to
7 June 30, 2028.

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

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

12 (1) The judiciary--the administrative director of the
13 courts;

14 (2) The senate--the president of the senate;

15 (3) The house of representatives--the speaker of the house
16 of representatives;

17 (4) The office of Hawaiian affairs--the chairperson of the
18 board;

19 (5) The University of Hawaii--the [~~president~~] chief
20 financial officer of the University of Hawaii;



- 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. Act 8, Special Session Laws of Hawaii 2021, is
 13 amended by amending section 16 to read as follows:

14 "SECTION 16. This Act shall take effect upon its approval;
 15 provided that:

- 16 (1) Parts IV and V of this Act shall apply retroactively
- 17 to any actions taken after June 30, 2021, by the
- 18 [~~University~~] university of Hawaii pursuant to the
- 19 sections of law amended by those parts;
- 20 (2) [~~Section~~] Sections 10 and 14 shall be repealed on June
- 21 30, 2024; and



1 (3) Sections 12[~~7~~] and 13[~~7~~ and ~~14~~] shall be repealed on
2 June 30, [~~2024~~] 2028, and sections 103D-203(a) and
3 304A-2672, Hawaii Revised Statutes, shall be reenacted
4 in the form in which they read on June 11, 2018."

5 SECTION 4. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on June 29, 2024;
8 provided that:

- 9 (1) The amendments made to section 103D-203, Hawaii
10 Revised Statutes, by section 2 of this Act shall be
11 repealed when that section is reenacted on June 30,
12 2028, pursuant to Act 8, Special Session Laws of
13 Hawaii 2021, and section 3 of this Act; and
- 14 (2) The university of Hawaii shall provide the chief
15 financial officer a six-month transition period to
16 hire and transfer the necessary procurement staff to
17 effectuate the purposes of this Act; provided further
18 that the university of Hawaii shall complete its
19 reorganization to place the procurement staff under
20 the control of the chief financial officer by July 1,
21 2025.



H.B. NO. 2499
H.D. 2
S.D. 2
C.D. 1

APPROVED this 27th day of June , 2024



GOVERNOR OF THE STATE OF HAWAII



HB No. 2499, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 1, 2024
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Second Legislature of the State of Hawaii, Regular Session of 2024.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: May 1, 2024
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Second Legislature of the State of Hawai'i, Regular Session of 2024.


President of the Senate


Clerk of the Senate