
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 necessary for
2 the State to investigate and employ new and innovative ways of
3 maintaining and improving state services and infrastructure,
4 while ensuring the prudent and cost-effective expenditure of
5 public moneys.

6 In 2022, the legislature authorized a procurement
7 automation system for the executive branch and state agencies.
8 This procurement automation system increases efficiency, saves
9 personnel time, maintains consistency, mitigates confusion for
10 both the buyer and contractor, and produces accurate purchasing
11 data to leverage economies of scale. The legislature also
12 authorized the state procurement office to implement a
13 transaction fee imposed upon vendors using the procurement
14 automation system. This fee is intended to pay for the
15 management of the procurement automation system, including but
16 not limited to implementation, legacy transition, maintenance,
17 system training, and system configuration. This fee is



1 estimated to save the State approximately \$1.2 million in
2 general funds each year and will assist with funding the growth
3 and enhancement of the procurement automation system.

4 While the legislature authorized the implementation of the
5 procurement automation system and a transaction fee collected
6 from vendors using the system, it stopped short of authorizing a
7 state procurement automation system special fund to hold the
8 transaction fee. Until a special fund is authorized and
9 established, the fees are being held in trust by the vendor who
10 developed the procurement automation system; the state
11 procurement office does not have direct control of the fees.
12 The establishment of a special fund would direct that all fees
13 received by the state procurement office pursuant to section
14 103D-206(7), Hawaii Revised Statutes, be deposited into the
15 state procurement automation system special fund which shall be
16 administered by the state procurement office for the
17 implementation and configuration of the procurement automation
18 system's Marketplace and eProcurement system, as well as its
19 maintenance, enhancement, and expansion of additional modules to
20 remain relevant and current with industry standards for the
21 benefit of all stakeholders statewide.



1 In 2020, the legislature established the school facilities
2 agency through section 302A-1702, Hawaii Revised Statutes, under
3 Act 72, Session Laws of Hawaii 2020, and mandated that the
4 executive director of the school facilities authority serve as
5 its chief procurement officer. The amendment to section
6 103D-203, Hawaii Revised Statutes, is a housekeeping measure
7 that adds the school facilities authority executive director as
8 a chief procurement officer.

9 The purpose of this Act is to enhance procurement
10 accountability by:

- 11 (1) Establishing the state procurement automation system
12 special fund to receive the transaction fees from the
13 procurement automation system to pay for its
14 administration, management, operation, maintenance,
15 and upgrade; and
- 16 (2) Aligning section 103D-203(a), Hawaii Revised Statutes,
17 with section 302A-1702, Hawaii Revised Statutes, by
18 adding the school facilities authority executive
19 director as a chief procurement officer.



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

"§103D- State procurement automation system special fund; transaction fee. (a) There is established in the state treasury the state procurement automation system special fund to be administered by the state procurement office and into which shall be deposited:

(1) Vendor-collected transaction fees, pursuant to section 103D-206(7), for administration, management, operation, maintenance, and upgrade of the procurement automation system; and

(2) Appropriations made by the legislature to the special fund.

(b) The state procurement automation special fund shall be expended by the administrator of the state procurement office for the purposes of the administration, management, operation, maintenance, and upgrade of the procurement automation system."

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



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

3 (1) The judiciary--the administrative director of the
4 courts;

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

6 (3) The house of representatives--the speaker of the house
7 of representatives;

8 (4) The office of Hawaiian affairs--the chairperson of the
9 board;

10 (5) The University of Hawaii--the chief financial officer
11 of the University of Hawaii;

12 (6) The department of education, excluding the Hawaii
13 public library system--the superintendent of
14 education;

15 (7) The Hawaii health systems corporation--the chief
16 executive officer of the Hawaii health systems
17 corporation; ~~[and]~~

18 (8) The school facilities authority--the executive
19 director of the school facilities authority; and

20 ~~[-(8)-]~~ (9) The remaining departments of the executive branch
21 of the State and all governmental bodies



1 administratively attached to them--the administrator
2 of the state procurement office of the department of
3 accounting and general services."

4 SECTION 4. Section 103D-204, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) There shall be a state procurement office, placed for
7 administrative purposes only, within the department of
8 accounting and general services, which shall be headed by the
9 administrator of the state procurement office. The
10 administrator shall be the chief procurement officer for those
11 governmental bodies of the executive branch as provided in
12 section [~~103D-203(a)(8)~~]- 103D-203(a)(9). The administrator
13 shall be a full-time public official. The administrator shall
14 serve a term of four years, and shall be paid a salary not to
15 exceed eighty-seven per cent of the salary of the director of
16 human resources development, without diminution during the
17 administrator's term of office unless by general law applying to
18 all deputies or assistants to department heads."

19 SECTION 5. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on January 1, 2491;
2 provided that the amendments made to section 103D-203(a), Hawaii
3 Revised Statutes, by section 3 of this Act shall not be repealed
4 when section 103D-203(a), Hawaii Revised Statutes, is reenacted
5 on June 30, 2028, pursuant to section 16 of Act 8, Special
6 Session Laws of Hawaii 2021, as amended by section 3 of Act 111,
7 Session Laws of Hawaii 2024.



Report Title:

State Procurement Automation Special Fund; Chief Procurement Officers; School Facilities Authority

Description:

Establishes a Procurement Automation System Special Fund. Designates the Executive Director of the School Facilities Authority as the Chief Procurement Officer for the School Facilities Authority. Effective 1/1/2491. (SD1)

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

