

ACT 176

S.B. NO. 3040

A Bill for an Act Relating to Procurement.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that during challenging economic times, it is necessary for the State to investigate and employ digital technology and other innovative ways of maintaining and improving state services and infrastructure, ensure input by stakeholders, and ensure the prudent and cost-effective expenditure of public moneys.

The legislature further finds that the state procurement office is responsible for reviewing the solicitation, award, and administration of contracts, ad-

vising government agencies on procurement issues, and providing procurement training to the State's decentralized procurement staff. The state procurement office administers statewide, multi-agency contracts that take advantage of the State's aggregated purchasing power to leverage better pricing and value for the State and the counties. In fiscal year 2018-2019, these contracts saved the State and its political subdivisions approximately \$19,000,000 in goods and services, plus savings in personnel, purchasing, and subject matter expert hours.

The legislature additionally finds that government purchasing offices for several states operate using a self-funded model derived from a transaction fee ranging from one per cent to 2.5 per cent charged to all contracts in their respective procurement automation systems.

The special committee on State of Hawaii procurement, which has been reviewing state procurement policies and procedures, informally notified the state procurement office that additional oversight over complex procurement issues, such as construction procurement for the State, is necessary.

The purpose of this Act is to improve procurement efficiency, minimize risks, and save taxpayer dollars by:

- (1) Defining the term "procurement automation system";
- (2) Authorizing the administrator of the state procurement office to develop and administer procurement automation systems and develop a plan for charging and collecting a transaction fee from all vendors using the procurement automation systems to fund the development, implementation, and maintenance of the systems;
- (3) Deleting language regarding qualified community rehabilitation programs made redundant by Act 55, Session Laws of Hawaii 2021; and
- (4) Adding two full-time equivalent (2.0 FTE) positions.

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

"Procurement automation system" means an electronic procurement, accounting-oriented, multi-module, data-based system that integrates procurement activities from solicitation to contract management."

SECTION 3. Section 103D-206, Hawaii Revised Statutes, is amended to read as follows:

**"§103D-206 Additional duties of the administrator of the procurement office.** In addition to the duties referred to in section 103D-205, the administrator shall:

- (1) Perform periodic review of the procurement practices and procedures of all governmental bodies, in collaboration with the state procurement policy board, for compliance with the procurement code;
- (2) Assist, advise, and guide governmental bodies in matters relating to procurement;
- (3) Determine corrective actions; provided that if a procurement officer under the jurisdiction of the administrator of the state procurement office or a chief procurement officer of any of the other state entities under section 103D-203, fails to comply with any determination rendered by the administrator within thirty days from the date of the issuance of the determination, or longer if permitted by the administrator upon request by the procurement officer or a chief procurement officer, the procurement officer or chief procurement

officer shall be subject to an administrative fine under section 103D-106, for every day of noncompliance;

- (4) Develop and administer a statewide procurement orientation and training program;
- (5) Develop, distribute, and maintain a procurement manual for all state procurement officials; ~~and~~
- (6) Develop, distribute, and maintain a procurement guide for vendors wishing to do business with the State and its counties[-]; and
- (7) Develop and administer procurement automation systems, including methods to assess, charge, and collect a transaction fee for the use of the procurement automation systems to cover procurement automation system costs.

SECTION 4. Section 103D-1010, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Any governmental body, without advertising or calling for bids, may purchase goods or services provided by qualified community rehabilitation programs serving persons with disabilities that have indicated an interest in supplying the goods or services and on an equitable basis may apportion the business among the interested programs; provided that the goods and services meet the specifications and needs of the purchasing agency and are purchased at a fair market price as determined by the appropriate public agency; and provided further that the programs ~~comply with the following:~~

- (1) ~~Meet~~ meet all of the requirements of a qualified community rehabilitation program under section 103D-1001[-; ~~and~~
- (2) ~~Maintain a disabled to non-disabled employee ratio equal to or in excess of three to one for work hours of direct labor at all times on the work contracted].~~

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$150,000 or so much thereof as may be necessary for fiscal year 2022–2023 to fund two full-time equivalent (2.0 FTE) positions to manage, guide, and oversee the procurement automation system within the state procurement office.

The sum appropriated shall be expended by the state procurement office for the purposes of this Act.

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

SECTION 7. This Act shall take effect on July 1, 2022.

(Approved June 27, 2022.)