

ACT 282

S.B. NO. 3369

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 procurement activities throughout the State may not be consistently compliant with chapters 103D (the Hawaii Public Procurement Code) and 103F (relating to purchases of health and human services), Hawaii Revised Statutes, and the administrative rules adopted pursuant to those chapters. Many purchasers conduct procurement activities as part of their “other duties as assigned” and have minimal training and experience in public procurement. This can lead to mistakes resulting in increased costs to the government. The legislature finds that this is particularly true for the department of education, given the fact that many administrators at the school level are tasked with using the Hawaii express procurement system for repair and maintenance in addition to their primary duties, straining their already limited time and resources.

Accordingly, the purpose of this Act is to:

- (1) Establish a working group to develop a plan for the phased in consolidation of procurement services and staff within executive branch agencies within a five-year timespan, excluding the Hawaii health systems corporation, University of Hawaii, and office of Hawaiian affairs;
- (2) Require the working group to make recommendations for attracting high-quality procurement professionals to the State; and
- (3) Appropriate funds to the state procurement office to support the activities of the working group.

SECTION 2. (a) There is established a procurement services consolidation working group, that shall:

- (1) Develop a plan for a five-year phased in consolidation, under the state procurement office, of all state executive branch procurement services and staff, except the Hawaii health systems corporation, University of Hawaii, and office of Hawaiian affairs. The plan shall include:
 - (A) An identification of the specific positions and functions to be transferred from each department to the state procurement office;
 - (B) Proposed dates of transfer for each position and function;
 - (C) Proposed procurement facility, personnel, and operational infrastructure needs of the consolidated procurement agency, with projections on future integration needs as additional agencies’ procurement staff and services are added;
 - (D) Recommendations to enable the state procurement office to provide expert support to the procurement activities of all

state agencies to meet the needs of the agencies and the public;
and

- (E) Recommendations to ensure that agency services are not interrupted during the consolidation; and
- (2) Make recommendations to attract high-quality procurement professionals to the State, including the use of internships and the feasibility of exempting certain positions from the requirements of chapters 76 and 89, Hawaii Revised Statutes.
- (b) Members of the working group shall include:
 - (1) The administrator of the state procurement office, who shall serve as chairperson;
 - (2) The director or chairperson of each principal executive branch department, or designee, excepting the Hawaii health systems corporation, University of Hawaii, and office of Hawaiian affairs; and
 - (3) Any other person that the administrator of the state procurement office wishes to invite to serve on the working group.
- (c) The working group shall be administratively attached to the department of accounting and general services. The state procurement office shall provide administrative support to the working group.
- (d) The working group shall submit an interim report to the legislature, no later than twenty days prior to the convening of the regular session of 2023, and a final report of its findings and recommendations no later than twenty days prior to the convening of the regular session of 2024. The reports shall include:
 - (1) The plan for the phased in consolidation of state procurement services developed pursuant to subsection (a)(1), including a detailed five-year phased in schedule;
 - (2) Recommendations to attract high-quality procurement professionals to the State;
 - (3) Plans for the development and implementation of a multi-tiered certified training program to ensure that all procurement staff take necessary training to conduct procurement correctly;
 - (4) Plans for the implementation of an integrated accounting and procurement automation system; and
 - (5) Any proposed legislation.
- (e) The working group shall dissolve on June 30, 2024.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000 or so much thereof as may be necessary for fiscal year 2022-2023 for the state procurement office to support the activities of the procurement services consolidation working group.

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

SECTION 4. This Act shall take effect on July 1, 2022.

(Approved July 12, 2022.)