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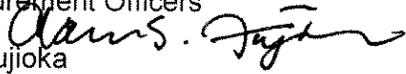
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PROCUREMENT CIRCULAR NO. 2009-14

TO: Chief Procurement Officers
FROM: Aaron S. Fujioka 
SUBJECT: ACT 175, SLH 2009: PART I, SECTION 2
Small Purchases Procurements and Performance Bonds for Construction

This circular is a follow-up to Procurement Circular No. 2009-07 on *2009 Procurement Related Legislation* for guidance and information on ACT 175, SLH 2009 effective as of July 1, 2009.

PART I, SECTION 2 of ACT 175, SLH 2009 temporarily amends HRS §103D-305 for only the small purchases procurement method as follows:

Small purchase thresholds

- Goods or services: Increased from less than \$50,000 to less than \$100,000.
- Construction: Increased from less than \$50,000 to less than \$250,000.

Performance bond requirement

- Required for small purchase construction contracts over \$50,000;
- In accordance with Procurement Directive No. 2007-02;
- Executed by a surety company registered with the Department of Commerce & Consumer Affairs; and
- Equal to 100% of the contract price or secured as specified in the solicitation by the purchasing agency.

Electronic procurement system

- Shall be utilized for small purchase procurements from \$25,000 to less than \$100,000.

The SECTION 2 amendments are applicable to only small purchase procurement. Departments may elect to utilize other procurement methods, as appropriate. For example, a competitive sealed bid or proposal procurement method for a construction project of \$150,000 may be conducted pursuant to HRS §§103D-302 or -303, and the SECTION 2 amendments would not be applicable.

PART I of ACT 175, SLH 2009 is scheduled to be repealed on July 1, 2012, at which time all of the above shall revert to the prior HRS §103D-305 form which was in effect on June 30, 2009.

If your staff has questions, they may contact:

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