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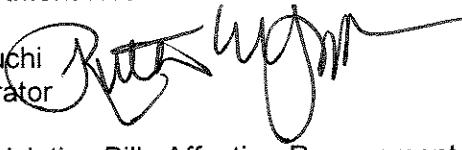
**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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July 20, 2005

PROCUREMENT CIRCULAR NO. 2005-03

TO: Chief Procurement Officers
Executive Department Heads

FROM: Ruth E. Yamaguchi
Acting Administrator 

SUBJECT: Summary of Legislative Bills Affecting Procurement

The following bills, passed by the State Legislature and enacted into law, are provided for your information and action, as each has impact on procurement.

Act 50 (HB 162)

Amends section 103D-901 and 103D-903, HRS, to require the Procurement Policy Board to adopt rules to provide set-asides to small businesses in appropriate classifications and to impose mandatory evaluation criteria designed to encourage the use of small businesses as subcontractors on large contracts. A Small Business Preference Round Table meeting was held with the Governor on July 6, 2005, to discuss issues and receive suggestions. Representatives from the Legislature, Counties, Federal Agencies, Small Business Administration, the University of Hawaii, the Chamber of Commerce, and businesses were in attendance.

The State Procurement Office will disseminate more information and guidance as the program is formalized.

Act 169 (SB 527)

Amends section 103F-101, HRS, to allow the counties to utilize Chapter 103F, HRS, to purchase health and human services. Previously, the chapter applied only to state agencies. Application to state agencies is unchanged.

Act 166 (SB 1038) amends section 103D-206, HRS. All rights, powers, functions, and duties of the State Procurement Office regarding the Hawaii Procurement Institute (HPI) are transferred to the William S. Richardson School of Law, University of Hawaii. The HPI shall cooperate with other public and private entities and persons to promote and develop a professional acquisition workforce and to improve and enhance the State's contractor industrial base through education and training.

Act 211 (SB 1127) amended section 103D-310, HRS, on responsibility of offerors, to remove the requirement for verification of vendor compliance for small purchases (under \$25,000). Therefore, small purchase transactions completed from effective date, July 8, 2005 and thereafter, shall not be required to have verification for compliance of section 103D-310, HRS. A completed small purchase transaction is the issuance and acceptance of a purchase order by a vendor, or the placement of an order by pCard that has been accepted by a vendor. Verification documents shall only be required for purchases pursuant to HRS sections 103D-302 (IFB), 103D-303 (RFP), 103D-304 (Professional Services), and 103D-306 (Sole Source).

A directive amending Chapter 3-122-112, HAR, shall be issued subsequent to the review and approval of the Procurement Policy Board.

Act 216 (SB 1427) enacts a new section in Chapter 103D, HRS, to encourage the use of energy-efficient vehicles and save state funds by requiring state agencies to procure increasing percentages of alternative fuel vehicles. Agencies shall also be allowed to offset the purchase percentage requirements for alternative fuel vehicles by successfully demonstrating percentage improvements in overall light duty vehicle fleet mileage economy.

Additional information for the implementation of this Act shall be issued at a later date.

SCR 106

A joint legislative task force will convene to review and make recommendations concerning the Hawaii Public Procurement code. The task force will review the statutory exemptions to Chapter 103D, HRS, as well as exemptions by administrative rules, for possible repeal, and recommend amendments to Chapter 103D, HRS, as appropriate.

Should you have any questions or concerns please call me at 586-0554 or your staff may call Justin Fo at 586-0577 or Colin Tanaka at 586-0558. For questions or concerns on Act 169 (SB 527) please call Mara Smith at 587-4704.