



**EXECUTIVE CHAMBERS**

HONOLULU

LINDA LINGLE  
GOVERNOR

July 11, 2007

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fourth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: House Bill No. 122 HD1 SD1 CD1

On July 10, 2007, House Bill No. 122 entitled "A Bill for an Act Relating to State Funds" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill requires the Department of Budget and Finance to establish by January 1, 2009 a searchable website that the public can access at no cost for information regarding State grants, contracts, and other awards.

Although the intent of this legislation is in keeping with my Administration's overall theme of transparency and accountability about how government operates and how public funds are spent, this bill raises a number of concerns.

The State Procurement Office (SPO) uses the National Institute of Government Purchasing coding system for purposes of defining categories for Hawaii's electronic procurement system. This bill requires that each award be identified using the North American Industry Classification System code – a code not used by the Department of Budget and Finance or SPO. The value of requiring awards to be identified by this coding system is dubious, as compared to the burden on government agencies and awardees to learn the system.

The basic information required for public accountability with regard to procurement is presently available on the SPO's website. Expansion of SPO's existing website to include additional information on grants or other awards could be accomplished without legislation.

Because some of the information required is not presently captured under current procurement and grant processes, the requirement that subaward information be collected and posted online will increase costs to taxpayers of contracts and grants because the bill allows contractors, subcontractors, grantees, and subgrantees to allocate "reasonable costs" to comply with the subaward reporting requirements.

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Page 2

Additionally, it should be pointed out that the responsibility for collecting and posting data of the type suggested in this bill is more appropriately a function of the Department of Accounting and General Services rather than the Department of Budget and Finance, as proposed in this measure.

For the foregoing reasons, I allowed House Bill No. 122 to become law as Act 272, effective July 10, 2007, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE