



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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**TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE
HOUSE COMMITTEE
ON
ECONOMIC REVITALIZATION & BUSINESS**

February 03, 2011

8:00 am

HB 374

RELATING TO SMALL BUSINESS.

Chair McKelvey, Vice Chair Choy and committee members, thank you for the opportunity to testify on HB374. This bill would require procurements made by small purchases method of procurement by governing entities to be compliant with all laws related to doing business in the State, including those pertaining to labor laws for the department of labor and industrial relations, tax clearance from the department of taxation and the Internal Revenue Service and compliance with the Department of Commerce and Consumer Affairs. Offerors would be required to produce documents to the procuring officer to demonstrate compliance even for procurements that are for small dollar amounts.

The State Procurement Office supports this bill but recommends that it not apply to purchases made by small purchases method of procurement under \$2,500. Requiring government entities doing business with small businesses may result in delays to acquire such goods or services until the compliance requirement is verified. Government entities may end up purchasing from larger companies who consistently utilize the Hawaii Compliance Express. The following amendment is provided for your consideration:

"(c) All offerors, upon award of contract, shall comply with all laws governing entities doing business in the State, including chapters 237, 383, 386, 392, and 393. Offerors shall produce documents to the procuring officer to demonstrate compliance with this subsection. Any offeror making a false affirmation or certification under this subsection shall be suspended from further offerings or awards pursuant to section 103D-702. The procuring officer shall verify compliance with this subsection for all contracts awarded pursuant to sections 103D-302, 103D-303, 103D-304, [103D-305, and] 103D-306, and includes awards \$2,500 and above pursuant to 103D-305; provided that the attorney

general may waive the requirements of this subsection for contracts for legal services if the attorney general certifies in writing that comparable legal services are not available in this State."

If the committee believes this bill is in the best interest of the State, then SPO requests that the implementation date for this bill be delayed to allow ample notification to the business community of this requirement.

Thank you.



**Testimony to the House Committee on Economic Revitalization & Business
Thursday, February 3, 2011 at 8:00 a.m.
Conference Room 312, State Capitol**

RE: HOUSE BILL NO. 374 RELATING TO SMALL BUSINESS

Chair McKelvey, Vice Chair Choy, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") is in **support** of HB 374, which is one of the bills discussed in the Small Business Caucus. The Chamber appreciates the effort of the Legislature to help small businesses in Hawaii.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure extends the use of Hawaii compliance express for small business vendors.

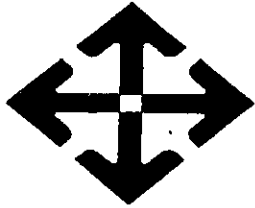
In Hawaii, small businesses are the engine for Hawaii's economy. They account for a majority of all new jobs and embody the spirit of innovation, entrepreneurship and individual initiative. They reflect all industries and a wide range of employment. Because of the significant role they play in Hawaii's economy, the challenges faced by this segment cannot be overlooked.

The Hawai'i Compliance Express expedites a business' ability to furnish proof of compliance. It saves a business time and resources by providing an online "Certificate of Vendor Compliance" for the business. This certificate eliminates the need to obtain individual copies of clearances with the IRS, Department of Labor, DCCA and State tax offices.

Currently, under Hawaii law, a business must provide proof of compliance in order to receive a contract greater than \$15,000 with state and county government entities in Hawaii. This measure extends the use HCE to Section 103D-305, which includes any procurement of less than \$10,000 for supplies or services; or less than \$25,000 for construction.

We believe this measure will further help small businesses save time and resources in fulfilling its obligations for this type of procurement.

The Chamber asks that the committee pass this measure. Thank you for the opportunity to provide testimony.



The Hawaii Business League

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February 3, 2010

Testimony To: House Committee on Economic Revitalization & Business
Representative Angus L.K. McKelvey, Chair

Presented By: Tim Lyons
President

Subject: H.B. 374 – Relating to Small Business

Chair McKelvey and Members of the Committee:

I am Tim Lyons, President of The Hawaii Business League a small business service organization. We support this bill.

We know from our members that are in the construction sector that the Hawaii compliance express has worked very well for those vendors. It has expedited the award process and we find that is a positive thing for both the vendor and for the state or county.

It is based on that then that we can support this effort and the use of the Hawaii compliance express.

Thank you.