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# A BILL FOR AN ACT

RELATING TO PROCUREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that current difficult  
2 economic conditions warrant the use of incentives to help create  
3 job growth and stimulate the State's economy. The legislature  
4 also finds that the process for procuring state contracts is  
5 often cumbersome. The legislature further finds that incentives  
6 in the procurement process would lead to more companies bidding  
7 for state contracts. This would give the State a broader  
8 network of contractors to choose from and would possibly  
9 expedite the progress of rebuilding Hawaii's economy and  
10 workforce by having a number of companies working on various  
11 state projects.

12           The purpose of this Act is to create price preferences for  
13 bids and proposals submitted to procuring agencies by Hawaii  
14 small businesses, veterans, and disabled veterans.

15           SECTION 2. Section 103D-906, Hawaii Revised Statutes, is  
16 amended to read as follows:

17           " [†]§103D-906[†] Preference for Hawaii small businesses [†  
18 ~~set asides; use as subcontractors.~~] (a) The policy board shall



1 adopt rules to promote the growth and development of Hawaii  
2 small businesses that shall include:

- 3 ~~[-(1) Set-asides for small businesses in appropriate~~  
4 ~~classifications of requirements suitable to~~  
5 ~~performance by small businesses; and~~  
6 ~~-(2) Criteria designed to encourage the use of small~~  
7 ~~businesses as subcontractors on large contracts.]~~  
8 (1) A five per cent price preference for small businesses  
9 other than those described in paragraphs (2) and (3);  
10 (2) A seven per cent price preference for veterans; and  
11 (3) A nine per cent price preference for disabled  
12 veterans.

13 The rules adopted pursuant to this section shall include  
14 rules for verifying the status and eligibility of veterans and  
15 disabled veterans.

16 (b) As used in this section:

17 "Hawaii small business" means a small business as defined  
18 in section 103D-901, having:

- 19 (1) Its principal place of business or ancillary  
20 headquarters located within the State; and  
21 (2) Not less than thirty-five per cent of its employees  
22 residing within the State.





1        "Disabled veteran" means a veteran who has a service-  
 2 related disability that has been verified by the United States  
 3 Department of Veterans Affairs and who meets any other  
 4 applicable qualifications established by rule.

5        "Veteran" means any person who has served in any of the  
 6 armed services of the United States in any war or campaign in  
 7 which the United States was engaged, whose service has been  
 8 verified by the United States Department of Veterans Affairs,  
 9 and who meets any other applicable qualifications established by  
 10 rule."

11        SECTION 3. Statutory material to be repealed is bracketed  
 12 and stricken. New statutory material is underscored.

13        SECTION 4. This Act shall take effect upon its approval.  
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INTRODUCED BY:

  
  
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# H.B. NO. 2318

**Report Title:**

Procurement; Small Businesses; Veterans; Disabled Veterans;  
Preferences

**Description:**

Requires the procurement policy board to adopt rules to promote Hawaii small businesses that include a 5% preference for small businesses, a 7% preference for veterans, and a 9% preference for disabled veterans.

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