
A BILL FOR AN ACT

RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE.

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 service-disabled veterans.

15 SECTION 2. Section 103D-903, Hawaii Revised Statutes, is
16 amended by amending subsection (c) to read as follows:

17 "(c) In carrying out this part, the chief procurement
18 officer may:



- 1 (1) Give special publicity to procurement procedures and
2 issue special publications designed to assist small
3 businesses in learning how to do business with the
4 State;
- 5 (2) Compile, maintain, and make available source lists of
6 small businesses for the purpose of encouraging
7 procurement from small business;
- 8 (3) Include small businesses on solicitation mailing
9 lists;
- 10 (4) Develop and conduct training programs to assist small
11 businesses;
- 12 (5) Reduce the level or change the types of bonding
13 normally required or accept alternative forms of
14 security;
- 15 (6) Make special provisions for progress payments;
- 16 (7) Establish the goal that twenty per cent of the State's
17 annual purchasing expenditure be awarded to small
18 business; ~~and~~
- 19 (8) Impose mandatory evaluation criteria designed to
20 encourage the use of small business as subcontractors
21 on large contracts not susceptible to performance by
22 small business~~[-]~~; and



1 (9) Establish the goal that at least three per cent of the
 2 State's annual purchasing expenditures shall be
 3 awarded to veteran-owned businesses that are eligible
 4 for the preferences established by section 103D-
 5 906(a)(2) and (3)."

6 SECTION 3. Section 103D-906, Hawaii Revised Statutes, is
 7 amended to read as follows:

8 "[~~§~~103D-906~~]~~ Preference for Hawaii small businesses~~;~~
 9 ~~set-asides; use as subcontractors].~~ (a) The policy board shall
 10 adopt rules to promote the growth and development of Hawaii
 11 small businesses that shall include:

12 [~~(1) Set asides for small businesses in appropriate~~
 13 ~~classifications of requirements suitable to~~
 14 ~~performance by small businesses; and~~
 15 ~~(2) Criteria designed to encourage the use of small~~
 16 ~~businesses as subcontractors on large contracts.]~~

17 (1) A five per cent price preference for Hawaii small
 18 businesses other than those described in paragraphs

19 (2) and (3);

20 (2) A seven per cent price preference for businesses owned
 21 by veterans; and



1 (3) A nine per cent price preference for businesses owned
2 by service-disabled veterans;
3 provided that for the purposes of this section, a business shall
4 be owned by a veteran or service-disabled veteran if the veteran
5 or service-disabled veteran directly owns at least a fifty-one
6 per cent interest in the business.

7 The rules adopted pursuant to this section shall include
8 rules for verifying the status and eligibility of veterans and
9 service-disabled veterans.

10 (b) As used in this section:

11 "Hawaii small business" means a small business as defined
12 in section 103D-901, that:

13 (1) Has its principal place of business or ancillary
14 headquarters located within the State;

15 (2) Employs a work force consisting of not less than
16 thirty-five per cent of employees who reside within
17 the State; and

18 (3) Employs fewer than fifty employees.

19 "Service-disabled veteran" means a veteran who has a
20 service-connected disability compensable under title 38 United
21 States Code section 1110 or 1131 and who meets any other
22 applicable qualifications established by rule.



1 "Veteran" means any person who has served in any of the
2 armed services of the United States in any war or campaign in
3 which the United States was engaged, whose service has been
4 verified by the:

- 5 (1) United States Department of Veterans Affairs;
- 6 (2) United States Department of Defense;
- 7 (3) United States Coast Guard; or
- 8 (4) National Guard,

9 and who meets any other applicable qualifications established by
10 rule."

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2112.



Report Title:

Procurement; Small Businesses; Veterans; Service-Disabled
Veterans

Description:

Authorizes the chief procurement officer to establish the goal that at least three percent of the State's annual purchasing expenditures are awarded to veteran-owned businesses. Requires the procurement policy board to adopt rules for graduated price preferences for Hawaii small businesses, and businesses owned by veterans and service-disabled veterans. Effective July 1, 2112. (SB2582 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

