

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 2318, RELATING TO PROCUREMENT
PRESENTATION TO THE
COMMITTEE ON PUBLIC SAFETY & MILITARY AFFAIRS

BY

MR. RONALD P. HAN
DIRECTOR OF OFFICE OF VETERANS SERVICES

February 2, 2012

Chair Aquino and Committee members:

I am Ron Han, Director of the Office of Veterans Services (OVS). I appreciate this opportunity to provide testimony in support of the concepts in House Bill 2318.

This measure would create price preferences for bids and proposals submitted to procuring agencies by Hawaii small businesses, veterans and disabled veterans. It would give 7% preference for veterans and 9% preference for disabled veterans.

We defer to the agency with direct responsibility for implementation of the Procurement regulations.

The OVS supports the concepts and intent expressed in this measure as long as its implementation does not impact or replace the priorities set forth in the Executive Supplemental Budget for Fiscal Years 2012-2013.

Thank you for this opportunity to provide testimony on behalf of Hawaii's Veterans and their families in support of HB 2318.



Hawaii Chapter, MOAA
P.O. Box 1185
Kailua, Hawaii 96734-1185

Testimony of Thomas Smyth

Military Officers Association of America, Hawaii Chapter

Before the House Committee on Public Safety and Military Affairs

Thursday, February 2, 2012, 9:00 am, Room 309

HB 2318 Relating to Procurement

Chair Aquino, Vice Chair Cullen and Committee Members

Our chapter of 400 retired and currently serving officers of the Uniformed Services supports HB 2318 that establishes a procurement preference for small businesses, veteran-owned businesses and disabled veterans-owned businesses. We do have some concerns with several aspects of the bill as introduced:

Small Business Preference: Current Hawaii procurement policy provides for “set-asides” for small business and they “may” use the same size standards as the federal government (Section 103D-901, HRS). Set-asides limit a particular purchase to only firms meeting the set-aside criteria. Price preference, as proposed here, differs in that any firm can bid, but those with a preference have the bid lowered by the preference amount.

Size standards used by federal agencies are set by the Small Business Administration. There are about 1200 different industry classifications and the definition of “small” varies considerably: from 500 employees for manufacturing for instance, to 1500 for oil refineries. Service industries, construction contractors and retailers are sized by annual revenue ranging from \$7.0M for some service industries and retailers to \$33.5M for construction. It is a complex system with as many as 50 changes every year, very difficult for state procurement staff to monitor. A good part is that business must be accepted into the Central Contractor Registration data base and local buyers can find those who qualify.

Based on our procurement experience we recommend that the size standard be set at 50 employees as many other states do.

Veteran-Owned Businesses: There is no definition of “veteran-owned business” in Section 2 of the bill. There should be a requirement that 51% of the business be directly owned by the veteran. We also note that service in the Armed Forces ending in a discharge or retirement is not necessarily verified by the Department of Veterans Affairs. Only those seeking DVA services are registered with that agency. Others have papers issued by the Department of Defense, U.S. Coast Guard or the National Guard.

Disabled Veteran-Owned Businesses: Under federal procurement rules only those with “service-disabled veterans” status are eligible for procurement preferences. This means that the disabling incident occurred while in the service, not otherwise. That definition needs to be clearer to allow the federal registration system to be used to verify eligibility.

We will be pleased to work with the Committee to make amendments to the bill to reflect our concerns and hope it will move forward.

Thank you for the opportunity to provide testimony.

PBMtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 01, 2012 2:42 PM
To: PBMtestimony
Cc: bfspurchasing@honolulu.gov
Subject: Testimony for HB2318 on 2/2/2012 9:00:00 AM
Attachments: C&C of Honolulu Testimony HB 2318.pdf

Testimony for PBM 2/2/2012 9:00:00 AM HB2318

Conference room: 309
Testifier position: Oppose
Testifier will be present: No
Submitted by: Michael Hansen
Organization: City & County of Honolulu
E-mail: bfspurchasing@honolulu.gov
Submitted on: 2/1/2012

Comments: