

NEIL ABERCROMBIE  
GOVERNOR



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STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
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WRITTEN TESTIMONY  
OF  
DEAN H. SEKI, ACTING COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC REVITALIZATION & BUSINESS  
ON  
March 20, 2012

S.B. 2582, S.D. 2, H.D. 1

RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE

Chair McKelvey and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 2582, S.D. 2, H.D. 1.

The Department of Accounting and General Services opposes S.B. 2582, S.D. 2, H.D. 1.

Implementation of “set asides” and “bid preferences” will increase the complexity of the construction bid award process, which is contrary to “streamlining” of the State’s procurement process.

Thank you for the opportunity to submit written testimony on this matter.

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# LATE TESTIMONY

## GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 20, 2012

TO: HONORABLE REPRESENTATIVES ANGUS MCKELVEY, CHAIR,  
ISAAC CHOY, VICE CHAIR AND HOUSE COMMITTEE ON PUBLIC  
ECONOMIC REVITALIZATION & BUSINESS

SUBJECT: **COMMENTS & CONCERNS REGARDING S.B 2582, SD2, HD1  
RELATING TO HAWAII PUBLIC PROCUREMENT CODE.** 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)

### HEARING

DATE: Tuesday, March 20, 2012

TIME: 8:30 a.m.

PLACE: Capitol Room 312

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

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80<sup>th</sup> anniversary this year; GCA remains the largest construction association in the State of Hawaii whose mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

**GCA is providing comments and concerns regarding S.B. 2582, SD2, HD1 Relating to Hawaii Public Procurement Code, and respectfully request that this measure be held.** This bill would allow 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. The bill would further allow the procurement policy board to adopt rules for graduated price preferences for Hawaii small businesses, and businesses owned by veterans and service-disabled veteran.

The GCA recognizes the many sacrifices and hardship endured by the veterans who served in our armed forces and supports efforts to rehabilitate and reintegrate them into our economy. However, our association has consistently maintained that procurement preferences for even good causes are misused many times and does not fully benefit their intended benefactors. For example, if this bill were to pass, entrepreneurs wanting to take advantage of the price preferences for veterans could elicit a veteran to be a 51% owner without having the veteran actually working in the business so that state projects could be won for the benefit of the company with the veteran simply taking his/her share. Furthermore, many times it is difficult to

find veteran owned or service disabled veteran owned small businesses qualified to do the construction work needed, so that taxpayers need to pay an inordinate amount to find competitive qualified companies to participate or be satisfied with sub-standard work product in order to meet the veteran standards set.

Even further, procurement preferences, such as the one suggested in this bill, would increase the complexity in the procurement process, for example, by providing another avenue for protests when not administered properly, contrary to efforts to expedite the process. Finally, to administer such a program and to do it right may take already scarce resources away from procuring agencies to administer the program.

Please understand that GCA is not targeting veterans in this testimony. It is simply opining that using the procurement process is the wrong avenue to help veterans as well as any other persons needing assistance. Rather, more direct means such as vocational rehabilitation or tax incentives for businesses hiring veterans may be the better means to assist.

Accordingly, GCA recommends that this measure be held in the committee.

Thank you for the opportunity to testify on this bill.

# LATE TESTIMONY



March 19, 2012


Chair McKelvey, Vice Chair Choy and Committee Members:

On behalf of the National Association of Veteran-Owned Business Association (NaVOBA) representing entrepreneurs and veteran owned businesses (VOB) and Service disabled owned businesses (SDVOB) nationally, we strongly support SB 2582 SD2 HD 1.

Many of our vets are substantially disadvantaged. Many suffer from PTSD and TBI. All have sacrificed their lives, personal dreams and goals as well as future financial opportunities to protect and defend this country. They have selflessly sacrificed everything for this nation. They have given their all. Now, many will find it difficult to readjust back into civilian society. And, many will struggle to re-establish their businesses and means of support for themselves and their families.

Like the federal government and other states have already done, the State of Hawaii has an opportunity to express its gratitude by investing in our vets and service disabled vets, by extending a helping hand through its state procurement laws and regulations. The federal Veterans Entrepreneurship and Small Business Development Act of 1999 (Public Law 106-50) represented one of the most significant leaps forward for the veteran-owned business movement. This law established a goal for all federal agencies to spend 3 percent of procurement dollars with SDVOB's.. To date at least 13 states have enacted variations of both set aside and preference legislation for both VOB's and SDVOB's. Hawaii is now very close to joining the ranks of these other states by honoring our Hawaii vets and extending a very important financial helping hand..

On behalf of all of estimated 10,000 vet owned businesses in Hawaii, thank you for considering our written testimony and moving this historic legislation forward.

 David Bateman, Col USAFR (Ret)

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