



Chair Aquino, Vice Chair Cullen and Committee Members:

On behalf of the National Association of Veteran-Owned Business Association (NaVOBA) representing vetpreneurs and veteran owned businesses (VOB) and Service disabled owned businesses (SDVOB) nationally, I strongly support the intent of SB 2582 SD2, however, I believe it does not go far enough to help our vets who struggle to establish their businesses, compete in the business world and eventually reach profitability.


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.

This bill, SB 2582, SD2, provides a 3% set aside for both VOB's and SDVOB's as part of the existing small business set aside of 20%. HD 2318 HD2, also provides for the 3% set aside, but takes the further step of establishing price preferences of 7% and 9%, respectively, for VOB's and SDVOB's. These additional preferences will make a very significant difference when the 3% state procurement set aside is exhausted and the vet is required to compete against other more established businesses who have developed a competitive edge because of size and experience.

I believe incorporating the key preference provisions of HD 2318 HD2 into SB 2582 SD2 will reconcile the substantive differences between the Senate and the House versions prior to conference, and will also prove to be simply good business for both the state and the vet. Once a vet owned business becomes established, it will generate additional GET and income tax revenues that should far exceed the cost of the preference. These businesses will also produce new jobs and help spur this state's economic growth. It will prove to be a financial and economic "win-win."

On behalf of all of estimated 10,000 vet owned businesses in Hawaii, thank you for considering our written testimony.


Col. David Bateman, USAFR (Ret), Regional Advocate, NaVOBA
Honua'aloa HI
coffee@heavenlyhawaiian.com 808 322 7720



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

Testimony of Thomas Smyth

Military Officers Association of America, Hawaii Chapter

Before the Committee on Public Safety and Military Affairs

Wednesday, March 14, 2012, 10:30 am, Room 309

SB 2582 SD 2 Relating to the Hawaii Public Procurement Code

Chair Aquino, Vice Chair Cullen and Committee Members

Our chapter of 400 retired and currently serving officers of the **Uniformed Services** supports the intent of SB 2582 SD 2, as amended, that establishes a procurement "set-aside," of 3% of the current 20% of the small business set-aside for veteran-owned small businesses and service-disabled veterans-owned small businesses. We do have some concerns with several aspects of the bill as amended:

Small Business Set-Aside: The current Small Business "set-aside" uses a definition of small business size that "may" be the same as that used in federal procurement (Section 103D-901, HRS). This bill, as amended, does specify the small business size standard as firms with fifty or fewer employees, a standard we strongly support. In Hawaii there are currently about 36,000 firms with fewer than 50 employees of some 37, 500 total firms. So this smaller size standard would affect about 95% of all Hawaii businesses.

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.

Set-aside vs. bid preference. We are concerned with the notion that “set-asides” are more appropriate than “bid preferences” as defined in several other bills. When using the “set-aside” principle, the number of bidders is restricted to those that meet the criteria, regardless of their bid price. There may be only one, or a very few eligible bidders and the bid price may be much higher than anticipated. On the other hand, there may be few, if any qualified bidders for a particular procurement and thus the process could be stalled and need to be reopened.

Bid preference allows the procuring agency to offer the opportunity to all interested and qualified bidders and then can choose among them the veteran and service-disabled veteran owned firms and give them the particular price preference for their eligibility category. This assures that the bid process will move forward.

We prefer this approach as being more efficient and usually providing a more appropriate bid price for the agency and ultimately the taxpayer.

Thank you for the opportunity to provide testimony.



March 11, 2012

**TESTIMONY IN SUPPORT OF SENATE BILL 2582SD2
RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE
HOUAW COMMITTEE ON PUBLIC SAFETY AND MILITARY AFFAIRS
HEARING ON WEDNESDAY, MARCH 14TH, AT 10:30 AM, IN CONFERENCE
ROOM 309**

Aloha Chair Aquino: The Oahu Veterans Council's delegates are honored to serve at the pleasure of our veterans and their families. Our Legislative Committee voted unanimously to support SB 2582 SD2.

We are extremely grateful for your interest in clarifying that, at least 3% of the 20% of the State's annual purchasing expenditure set aside to be awarded to small businesses, shall be awarded to veteran-owned and service-disabled veteran-owned small businesses.

The Oahu Veterans Council respectfully urges your committee to consider passing Senate Bill 2582SD2 as written. Mahalo, for allowing us to testify, regarding this extremely important issue.

Dennis Egge

Dennis Egge; Chairman, Legislative Committee



1298 Kukila Street, Honolulu, Hawaii 96818
Email: sballard@oahuveternascenter.com; Phone: 808-422-4000; Fax: 808-422-4001
www.oahuveternascenter.com



Vietnam Veterans Post 10583 of the Veterans of Foreign Wars

% 94-1020 Puana Street, Waipahu Hawaii 96797-4303

March 14, 2012

Testimony of Rene A. Berthiaume, USMC, Commander VFW Post 10583, Vietnam Veterans' Post

House Committee on Public Safety and Military Affairs
Representative Henry Aquino & Committee Members, Chair

Thank you for the opportunity to testify in support of SB2582

While I am in support of SB2582 and it's intent, I would refer you to testimony I submitted when this bill was first heard in Senator Espero's committee earlier this session. At that time I recommended an addendum to the bill that would allow up to a 5% preference to employers bidding on state or county contracts if they would commit to employing *unemployed veterans* for the duration of that contract. The purpose for that addendum would be to provide employment and training opportunities for those veterans most in need, those without jobs that are having a difficult time finding employment.

While those veterans with a service-connected disability are certainly worthy of the assistance this bill would provide, at the same time if they own their own business and are being compensated by the VA for their disability, their need would perhaps be less than a veteran who is unemployed and/or homeless.

Therefore, the addendum or Amendment that I am suggesting would give a bidding preference of up to 5% for any bidder on any state or county contract if they commit to hiring the unemployed veteran. And by Preference I mean, a companies bid price could be up to 5% higher than the next bidder but could still win the bid. As an example, if a company commits to hire one veteran, they could receive a 1% Preference. If they hire 2 veterans, then a 2% Preference as so on, up to 5%. Even though it might seem that government would be paying more for the contract, it would actually save resources by reducing the veteran's dependence on various public assistance programs, thus, making the veteran a tax payer instead of a tax user.

Thank you again for allowing me to testify and I would be happy to answer any questions you may have.