

SB 2582

RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE

Description:

Clarifies that, of the 20% of the State's annual purchasing expenditure set aside to be awarded to small businesses, at least 3% shall be awarded to veteran-owned and service-disabled veteran-owned small businesses.



Hawaii Chapter, MOAA
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Testimony of Thomas Smyth

Military Officers Association of America, Hawaii Chapter

**Before the Committee on Public Safety, Government Operations and
Military Affairs**

Thursday, February 2, 2012, 2:50 pm, Room 224

SB 2582 Relating to the Hawaii Public Procurement Code

Chair Espero, Vice Chair Kidani and Committee Members

Our chapter of 400 retired and currently serving officers of the Uniformed Services supports SB 2582 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 introduced:

Small Business Set-Aside: 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 set-aside criteria.

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 aspect is that businesses must be accepted into the Central Contractor Registration data base and local buyers can find those who qualify.

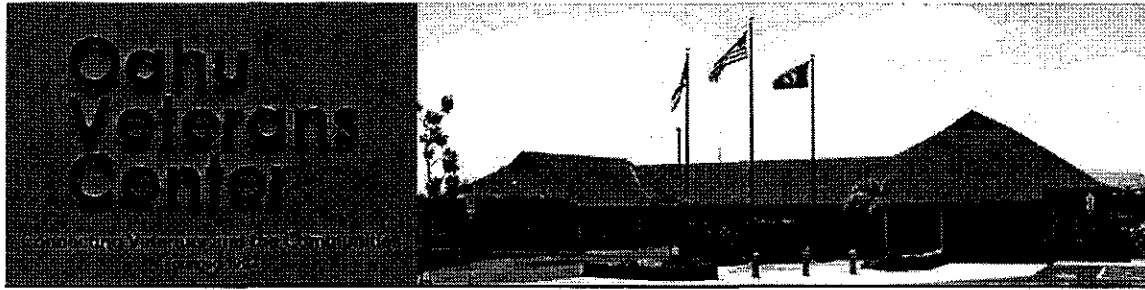
Based on our procurement experience we recommend that the Hawaii Small Business Size Standard be set at 50 employees and not use any hard to verify annual revenue standard

as many other states do.

Veteran-Owned Businesses: A member of the Hawaii National Guard may not be a “veteran” as defined for federal purposes. Only those who have been deployed under federal criteria (Title 10) for a specified period of time are considered federal veterans. For the purposes of this procurement set-aside, businesses owned by National Guard members who are not considered “veterans” under federal criteria could still be eligible for the set-aside if this bill so provides.

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.



January 31, 2012

**TESTIMONY IN SUPPORT OF SENATE BILL 2582
RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE**

**SENATE COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS
AND MILITARY AFFAIRS**

**HEARING ON THURSDAY, FEBRUARY 2ND, AT 2:50PM, IN CONFERENCE
ROOM 224**

Aloha Chair Espero: 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.

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 2582 as written. Mahalo, for allowing us to testify, regarding this extremely important issue.

Dennis Egge

Dennis Egge; Chairman, Legislative Committee



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