



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
FINANCE

February 21, 2013

1:30 p.m.

HB 166, HD 2

RELATING TO PROCUREMENT.

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and committee members, thank you for the opportunity to testify on HB 166, HD 1. This bill proposes to add five new definitions to chapter 103D, Part IX on Assistance to Small Businesses and requires a percentage of the 20% set-aside for small businesses be awarded to veteran-owned and service-disabled veteran-owned small businesses.

The State Procurement Office (SPO) does not support preferences/set-asides. For example, the Hawaii products preference, requires submittal of a certification to validate and qualify the applicant for eligibility of the preference/set-aside. Thereafter, the application of the preference/set-aside to the procurement requires additional time and resources for reviewing, analyzing and applying the preference/set-aside during evaluation. Any preference/set-aside increases the chances of a protest or complaint questioning the legitimacy of the preference/set-aside certification. These additional steps to apply a preference/set-aside complicates and further delays the procurement processes, and increases the cost to the State.

The SPO suggests supporting these special interest groups as a whole by providing tax credits, grants, start-up funding, funding of special programs or other business incentives, and not just limited to government contracts. Thank you.



**Office of the Public Defender
State of Hawaii
Timothy Ho, Chief Deputy Public Defender**



**Testimony of the Office of the Public Defender,
State of Hawaii to the House Committee on Judiciary**

February 21, 2013 2:00 p.m.

H.B. No. 1066: RELATING TO PROSTITUTION

Chair Rhoads and Members of the Committee:

Our office has concerns about four of the proposed changes to the Hawaii Penal Code regarding soliciting a minor for prostitution. Our first concern is the creation of a new offense of the solicitation of a minor for prostitution, a class C felony. Our second concern is regarding the increase of the fines for prostitution from five hundred dollars to a range of five hundred to a thousand dollars for each conviction. Another concern is the inclusion of the offense of soliciting a minor for sex as a covered offense in the criminal forfeiture statute. Finally, we have concerns about the requirement that the person convicted of soliciting a minor for sex register with the sex offender registry.

The Office of the Public Defender opposes H.B. 1066.

While at first blush, a separate felony offense of solicitation of a minor for prostitution may seem like a good way to provide additional protection for minors, we believe that singling out customers for harsh treatment is misguided, and should be directed at pimps and sex traffickers. The prosecution of “johns” for solicitation of a minor for prostitution would most likely involve reverse-sting operations, with officers holding themselves out as under-aged prostitutes. Short of demanding to see the identification of the prostitute, there is no way for a customer to determine if the prostitute is a minor. What would happen if a “john”, who did not believe the claims of a prostitute to be under the age of eighteen, continued on with the transaction thinking that he was dealing with an adult? How would the state prove that he knew that the prostitute was a minor? What would happen if the “john” were an eighteen year old man, offering to pay for sex with a seventeen year old prostitute? Should this eighteen year old face a felony charge, and be subject to lifetime reporting as a sex offender? The focus should not be on cutting off the demand for prostitution, but on its supply. Pimps or traffickers who force minors into prostitution should receive harsh punishment. Their actions are heinous, and intentional. Customers who do not have a preference for minors may be entrapped or enticed to commit this offense.

A conviction of the offense of prostitution carries a mandatory five hundred dollar fine. The proposal in this measure to increase the possible fine to a range of five hundred to a thousand dollars makes no sense. The current five hundred dollar fine is the highest mandatory fine for a petty misdemeanor in the district court. The only other offense with

a mandatory five hundred dollar fine is for driving without no-fault insurance. The high fine was imposed to encourage people to pay for motor vehicle insurance. The majority of people convicted of prostitution are prostitutes, not their customers. A high mandatory fine encourages them to get back on the street to earn more money to pay their fines.

The principle behind criminal forfeiture statutes is to seize the property of criminals who use that property to further their criminal enterprise. Property purchased with money earned from a criminal enterprise is also subject forfeiture. For example, a person who sells drugs out of their cars could have it forfeited. A drug dealer's stash of jewelry and other property may also be forfeited. To enable the state to seize the property of a person engaged in prostitution would be similar to allowing the forfeiture of a drug addict. The property seized must have a causal relationship to the criminal enterprise. The prostitution "john" is not the person fostering the criminal enterprise. Promoting prostitution and promoting pornography are crimes that are considered "covered offenses" that are subject to the forfeiture laws. We believe that it is appropriate to forfeit the property of those are the individuals.

Lastly, the requirement of lifetime registry with the sex offender registry is oppressive, and unduly harsh. These individuals may not be sexual predators and child molesters, yet will have to recourse to petition the court for removal from the sex offender registry. People convicted of sexual assault in the third and fourth degree, promoting child abuse in the third degree, violation of privacy in the first degree and promoting prostitution in the first and second degree are allowed to petition the court for removal from the registry after ten years. Even certain individuals convicted of sexual assault in the first and second degree and kidnapping are permitted to petition the court for removal from the registry after twenty-five years. It makes no sense that the "johns" convicted of soliciting a minor for prostitution would be treated more harshly than the people convicted of the more serious crimes listed above.

Thank you for the opportunity to provide input on this measure.

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 166, HD2, (HSCR454)
RELATING TO PROCUREMENT

PRESENTATION TO THE

COMMITTEE ON FINANCE

BY

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

February 21, 2013

Good afternoon Chair Luke, Vice Chairs Nishimoto & Johanson and Committee members:

I'm Ron Han, Director of the State Office of Veterans Services (OVS). I appreciate this opportunity to provide testimony in support of the intent of House Bill 166, HD2, (HSCR454).

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; however not less than 3% awarded to veterans and 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 Biennium Budget for Fiscal Biennium 2013-2015.

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

Testimony to the House Committee on Finance
Thursday, February 21, 2013
1:30 PM
Conference Room 308

RE: HOUSE BILL NO. 166, HD 2, RELATING TO PROCUREMENT

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee.

My name is Charles Ota and I am the Vice President for Military Affairs at The Chamber of Commerce of Hawaii (The Chamber). I am here to state The Chamber's support of House Bill No. 166, HD2, Relating to Procurement.

The measure proposes to require that a percentage of the annual purchasing expenditure of the State set-aside for business be awarded to veteran-owned and service-disabled veteran-owned small businesses, in addition to other preferences provided by the procurement code for such businesses.

The measure recognizes the plight faced by returning veterans in seeking to transition to the civilian work environment. Returning veterans suffer from the highest unemployment rates in the country and this sensible procedure will enable those who meet the qualifying requirements an opportunity to become productive citizens.

In light of the above, we recommend the measure be approved.

Thank you for the opportunity to testify.

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 21, 2013

TO: HONORABLE SYLVIA LUKE, CHAIR, HONORABLE SCOTT NISHIMOT &
HONORABLE AARON JOHANSON, VICE CHAIRS AND HOUSE
COMMITTEE ON FINANCE

SUBJECT: **COMMENTS & CONCERNS REGARDING H.B. 166, HD2 RELATING TO PROCUREMENT.** Requires that a percentage of the annual purchasing expenditure of the State set-aside for small businesses be awarded to veteran-owned and service-disabled veteran-owned small businesses, in addition to any other preferences provided under the Procurement Code for such businesses. Effective July 1, 2050. (HB166 HD2)

HEARING

DATE: Thursday, February 21, 2013

TIME: 1:30 p.m.

PLACE: Capitol Room 308

Dear Chair Luke, Vice Chairs Nishimoto and Johanson 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 the largest construction association in the State of Hawaii. The GCA's 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 H.B. 166, HD2, Relating to Procurement, and respectfully request that this measure be held. This bill mandates that procurement officer to set aside an unspecified amount of the 20% total reserved for small businesses to be awarded to veteran-owned and service-disabled veteran owned businesses. The bill also offers definitions under Section 103D-901, Hawaii Revised Statutes defining "service connected disability," "service-disabled veteran," and "service-disabled veteran-owned small business."

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. Thank you for the opportunity to offer comments on this bill.

The Uniformed Service Member's Voice in Government
NATIONAL ASSOCIATION FOR UNIFORMED SERVICES
Hawaii Chapter (HI-1)

February 16, 2013

TESTIMONY IN SUPPORT OF HOUSE BILL 166 HD2
RELATING TO PROCUREMENT.

HOUSE COMMITTEE ON FINANCE

HEARING ON TUESDAY, FEBRUARY 21ST AT 1:30PM,
IN CONFERENCE ROOM 308

Aloha Chair Luke and Vice Chair Nishimoto: Thank you for this opportunity to provide testimony in support of House Bill 166 HD2. The National Association for Uniformed Services (NAUS) is honored to be recognized as "The Service Member's Voice in Government." Here, in the great State of Hawaii, NAUS Hawaii Chapter (HI-1) serves at the pleasure of our nation's largest per-capita uniformed service community.

NAUS Hawaii Chapter (HI-1) is grateful your efforts to establish the goal that twenty per cent of the State's annual purchasing expenditure be awarded to small business; providing that a combined total of not less than three per cent of this set aside shall be awarded to veteran-owned and service-disabled veteran-owned small businesses.

Amending Section 103D-901, Hawaii Revised Statutes to provide this preference is extremely important to our disabled Veteran small business owners, as described in title 38 United States Code section 101(16); they served our great nation so selflessly.

NAUS Hawaii Chapter (HI-1) respectfully urges your committee to consider passing House Bill 166 HD2 as written.

At your service,

D Egge

Dennis Egge; Chapter President



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