
A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that veterans protect our
2 country and should be rewarded for their service. The
3 legislature further finds that when veterans return to civilian
4 life, they are uniquely trained as leaders in business and start
5 their own small companies. The legislature is serving the
6 public interest and supporting veterans after they have served
7 our country by encouraging state government to partner with
8 these veteran-owned small business when procuring goods and
9 services.

10 The legislature further finds that the procurement of goods
11 and services from veteran-owned small businesses provides much
12 needed business for veterans while properly preferring to
13 contract with persons with a proven track record of honorably
14 serving our government who have protected our residents and
15 State. The legislature further finds that the State's chief
16 procurement officer may reserve twenty per cent of the State's
17 annual purchasing expenditure for small businesses, and so



1 reserving a portion this percentage for contracts with veteran-
2 owned small businesses supports veterans and the State.

3 The purpose of this Act is to provide a preference for
4 veterans within the small business set aside of the State's
5 annual purchasing expenditure.

6 SECTION 2. Section 103D-901, Hawaii Revised Statutes, is
7 amended by adding five new definitions to be appropriately
8 inserted and to read as follows:

9 "Service-connected disability" means a disability incurred
10 in the line of duty during active military, naval, or air
11 service as described in title 38 United States Code section
12 101(16).

13 "Service-disabled veteran" means a veteran who has been
14 found to have a service-connected disability determined by the
15 United States Department of Veterans Affairs or the United
16 States Department of Defense.

17 "Service-disabled veteran-owned small business" means a
18 small business:

19 (1) Where at least fifty-one per cent of the small
20 business is owned by one or more service-disabled
21 veterans living in the State, or in the case of a



1 corporation, at least fifty-one per cent of the stock
2 of the corporation is owned by one or more service-
3 disabled veterans living in the State;

4 (2) Whose home office is located in the State; and

5 (3) For which paragraphs (1) and (2) are factually
6 verified annually by the chief procurement officer.

7 "Veteran" means a person who has:

8 (1) Been a member of the armed forces of the United States
9 or, while a citizen of the United States, was a member
10 of the armed forces of allies of the United States in
11 time of hostilities with a foreign country; and

12 (2) Served under one or more of the following conditions:

13 (A) Served a total of at least six months;

14 (B) Served for the duration of hostilities regardless
15 of the length of the engagement;

16 (C) Was discharged on the basis of hardship; or

17 (D) Was released from active duty because of a
18 service-connected disability and was discharged
19 under honorable conditions.

20 "Veteran-owned small business" means a small business:



- 1 (1) Where at least fifty-one per cent of the small
- 2 business is owned by one or more veterans living in
- 3 the State or, in the case of a corporation, at least
- 4 fifty-one per cent of the stock of the corporation is
- 5 owned by one or more veterans living in the State;
- 6 (2) Whose home office is located in the State; and
- 7 (3) For which paragraphs (1) and (2) are factually
- 8 verified annually by the chief procurement officer."

9 SECTION 3. Section 103D-903, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§103D-903 Duties of the chief procurement officer.** (a)

12 The chief procurement officer may coordinate the implementation
13 of this part with any similar programs offered by the department
14 of business, economic development, and tourism or any other
15 governmental body.

16 (b) The chief procurement officer may provide staff to
17 provide service to designated state agencies to assist small
18 businesses in learning how to do business with the State.

19 (c) In carrying out this part, the chief procurement
20 officer may:



- 1 (1) Give special publicity to procurement procedures and
2 issue special publications designed to assist small
3 businesses in learning how to do business with the
4 State;
- 5 (2) Compile, maintain, and make available source lists of
6 small businesses for the purpose of encouraging
7 procurement from small business;
- 8 (3) Include small businesses on solicitation mailing
9 lists;
- 10 (4) Develop and conduct training programs to assist small
11 businesses;
- 12 (5) Reduce the level or change the types of bonding
13 normally required or accept alternative forms of
14 security; and
- 15 (6) Make special provisions for progress payments[+].
16 ~~[-(7) Establish the goal that twenty per cent of the State's~~
17 ~~annual purchasing expenditure be awarded to small business; and~~
- 18 ~~-(8) Impose mandatory evaluation criteria designed to~~
19 ~~encourage the use of small business as subcontractors~~
20 ~~on large contracts not susceptible to performance by~~
21 ~~small business.]~~



1 (d) In carrying out this part, the chief procurement
2 officer shall:

3 (1) Impose mandatory evaluation criteria designed to
4 encourage the use of small business as subcontractors
5 on large contracts not susceptible to performance by
6 small business; and

7 (2) Establish the goal that twenty per cent of the State's
8 annual purchasing expenditure be awarded to small
9 business, provided that a combined total of not less
10 than twenty-five per cent of the twenty per cent set
11 aside by this paragraph shall be awarded to veteran-
12 owned small businesses and not less than forty per
13 cent of the twenty per cent set aside by this
14 paragraph shall be awarded to service-disabled
15 veteran-owned small businesses.

16 Nothing in this section shall limit, restrict, or preclude a
17 veteran-owned small business or service-disabled veteran-owned
18 small business from qualifying for any other preferences, set-
19 asides, or criteria that may apply under section 103D-906, or
20 any other provision of this chapter, and this section shall
21 operate as a further preference when a veteran-owned small



1 business or service-disabled veteran-owned small business
2 qualifies for more than one such preference."

3 SECTION 4. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on July 1, 2016.

6

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H.B. NO. 2437

Report Title:

Procurement Code; Veteran-Owned and Service-Disabled Veteran-Owned Small Businesses; Set Aside

Description:

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.

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