

Honolulu, Hawaii

FEB 20 2015

RE: S.B. No. 1236
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Hawaiian Affairs and Government
Operations, to which was referred S.B. No. 1236 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII PUBLIC PROCUREMENT
CODE,"

beg leave to report as follows:

The purpose and intent of this measure is to require state
agencies to award not less than twenty percent of the total value
of their procurement contracts to native Hawaiian organizations.

Your Committees received testimony in support of this measure
from Ko'olaupoko Hawaiian Civic Club, Ko'olau Foundation, and
Native Hawaiian Chamber of Commerce. Your Committees received
testimony in opposition to this measure from the State Procurement
Office, Honolulu Department of Budget and Fiscal Services, and
Center for Hawaiian Sovereignty Studies. Your Committees received
comments on this measure from the Office of Hawaiian Affairs.

Your Committees finds that it should be a goal of the State
to support programs that promote and support native Hawaiian
businesses and organizations. In its testimony, this sentiment is
shared by the State Procurement Office; however, the State
Procurement Office has represented to your Committees that while
it supports the intent of this measure, it nevertheless must
oppose its passage. According to the State Procurement Office,
the State already has a small business set-aside law; however, to
date, that program has been ineffective due to the inability to
adopt rules for its implementation. Under the new state



administration, there is a renewed effort by the State Procurement Office to implement the small business set-aside law. To that end, the current State Procurement Office administration has been engaging stakeholders for their input so that the problems that caused past failures can be avoided. The State Procurement Office has requested that rather than passing the current version of this measure, that your Committees support their efforts to effectuate the existing small business set-aside law. Once done, the small business set-aside law would serve as an appropriate platform to support individual programs for specific groups of small business such as native Hawaiians, women, veterans, and the disabled. Upon further discussion, your Committees find that they should support the State Procurement Office's efforts to effectuate the small business set-aside law so that ultimately, programs for native Hawaiian organizations and other groups can be developed and successfully implemented.

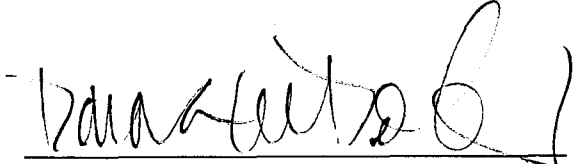
Your Committees have amended this measure by:


- (1) Deleting the contents of the original measure;
- (2) Inserting language submitted by the State Procurement Office calling for the Small Business Regulatory Review Board to issue rules to define a "small business" under chapters 103D and 201M, Hawaii Revised Statutes, including rules to promote the growth and development of small business and set asides for small businesses in appropriate classifications, including Native Hawaiian organizations and veteran-owned organizations;
- (3) Inserting language to establish the Small Business Office and state small business program within the Department of Business, Economic Development, and Tourism; and
- (4) Amending the effective date to be upon approval.

As affirmed by the records of votes of the members of your Committees on Hawaiian Affairs and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1236, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1236, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Hawaiian Affairs
and Government Operations,

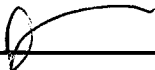

DONOVAN M. DELA CRUZ, Chair


MAILE S.L. SHIMABUKURO, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Hawaiian Affairs
HWN

Bill / Resolution No.:* SB 1236	Committee Referral: HWN/ENO, WAM	Date: 02/13/2015		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
SHIMABUKURO, Maile S.L. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
INOUYE, Lorraine R.	✓			
KAHELE, Gilbert	✓			
SLOM, Sam				✓
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

