

**tokioka2-Robert**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 07, 2015 9:21 PM  
**To:** vmitestimony  
**Cc:** Gyoshimoto@scd.hawaii.gov  
**Subject:** Submitted testimony for HB1120 on Feb 9, 2015 09:05AM  
**Attachments:** HB1120 DOD Testimony VMI 15.02.09.pdf

**HB1120**

Submitted on: 2/7/2015

Testimony for VMI on Feb 9, 2015 09:05AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Galen Yoshimoto	State Department of Defense	Support	Yes

Comments: Submitted in behalf of Brigadier General Arthur Logan, Adjutant General and Director of the Hawaii Emergency Management Agency

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STATE OF HAWAII  
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 1120  
A BILL RELATING TO PROCUREMENT

PRESENTATION TO  
THE HOUSE COMMITTEE ON VETERANS, MILITARY, & INTERNATIONAL AFFAIRS  
& CULTURE AND THE ARTS

BY  
BRIGADIER GENERAL ARTHUR J. LOGAN  
ADJUTANT GENERAL  
AND DIRECTOR OF THE HAWAII EMERGENCY MANAGEMENT AGENCY  
February 9, 2015

Chair Ito, Vice Chair Tokioka and Members of the House Committee on Veterans, Military, & International Affairs & Culture and the Arts:

I am Brigadier General Arthur J. Logan, the Adjutant General and the Director of the Hawaii Emergency Management Agency. I am testifying in support of the intent of House Bill 1120.

This measure allows for an annual set aside for veteran-owned and service-disabled veteran owned small businesses. Many of Hawaii's veterans returned from their military service to start small business. All small business startups are challenging and a set aside for qualified veterans defined by this measure would be of great assistance to them.

Thank you for allowing me to testify in support of the intent of House Bill 1120.

**tokioka2-Robert**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 08, 2015 1:33 AM  
**To:** vmitestimony  
**Cc:** sarah.allen@hawaii.gov  
**Subject:** Submitted testimony for HB1120 on Feb 9, 2015 09:05AM  
**Attachments:** HB 1120\_SPO\_2-9-15.pdf

**HB1120**

Submitted on: 2/8/2015

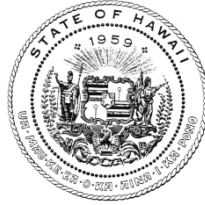
Testimony for VMI on Feb 9, 2015 09:05AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sarah Allen	State Procurement Office	Oppose	Yes

Comments:

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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
VETERANS, MILITARY, AND INTERNATIONAL AFFAIRS  
February 9, 2015, 9:05AM

HB1120  
RELATING TO PROCUREMENT

Chair Ito, Vice-Chair Tokioka, and members of the committee, thank you for the opportunity to submit testimony regarding HB 1120.

The State Procurement Office (SPO) supports programs that assist the success of veteran-owned and service disabled veteran-owned small businesses, but must oppose this bill at this time due to the current small business environment in the state.

The Procurement Policy Board (PPB) is charged with promulgating rules to implement the small business set-aside. The PPB previously drafted a set of interim rules. Although in place for several years, the attempt at implementation proved unsuccessful as the set-aside yielded only two contracts. The interim rules eventually expired without the establishment of permanent rules.

Under new administration, the SPO is currently in the process of research and development to formulate a plan that will avoid the mistakes and failure of the previous attempt at small business set-aside rules. In our process, we have engaged small business stakeholders within the community and government agencies, and we have benchmarked small business set-asides across the United States. At present, the SPO is sifting through over 1,400 responses from our small business survey. Our benchmarking research shows a few key trends relevant here: 1) a small business office staffed with small business experts who can set percentages and identify best-suited projects using real data is a best practice for success; 2) the commitment of resources and expertise to monitor the qualifications of such programs is necessary; and 3) self-certification, similar to the federal small business programs, is a proven method for qualification.

The SPO is working on how to support small businesses through government contracting and its primary goal is to assist in the success of the small business set-aside. While the SPO also generally supports smaller subset initiatives of small business such as Veteran-owned small businesses, we must first prove that the state can implement a higher level program with some success before we can begin to tackle even more restricted competitive areas.

In the interim, SPO suggests supporting veterans and other special interest groups through business incentives such as tax-credits, grants, and start-up funding.

Therefore, based on the statements above, the SPO is unable to support this measure at this time.

Thank you.