
A BILL FOR AN ACT

RELATING TO SMALL BUSINESS.

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

1 SECTION 1. The legislature finds that small businesses are
2 the lifeblood of the State's economy. Act 50, Session Laws of
3 Hawaii 2005, was enacted to promote the growth and development
4 of small businesses. During the regular session of 2007, the
5 legislature approved funding for one full-time equivalent
6 position in the state procurement office in order to implement
7 part IX of the state procurement code, assistance to small
8 businesses. Unfortunately, due to funding and staffing cuts in
9 2008, the position was never filled and eventually lapsed.
10 Section 3-124-73, Hawaii Administrative Rules, went into effect
11 in 2007 without a dedicated position or small business office,
12 and these rules eventually expired in 2011.

13 The legislature finds that businesses owned by veterans,
14 native Hawaiians, and women are the most vulnerable and
15 disadvantaged businesses in the State. The legislature further
16 finds that an initiative is needed to identify, quantify, and
17 address the needs of these small businesses and to measure and



1 track their present participation in state small business
2 contracts. The legislature recognizes that the State must
3 create, develop, and implement strategies to ensure that small
4 businesses are able to effectively participate in small business
5 contracting opportunities within the State.

6 The legislature additionally finds that previously-adopted
7 administrative rules with respect to the development of small
8 business contracts were not effective because of a lack of
9 appropriate business metrics and available data. The
10 legislature recognizes that addressing small business concerns
11 in the State must be done incrementally. The legislature also
12 finds that the state procurement office is now ready to address
13 the small business part of the state procurement code and assist
14 self-identified small businesses in obtaining state contracts.

15 The purpose of this Act is to assist small businesses in
16 obtaining state contracts through the state procurement office
17 by:

- 18 (1) Creating a small business assistance initiative to
19 convene small business stakeholders, collect and
20 develop relevant data and information necessary for
21 small businesses to compete for small business



1 contracts, and develop an effective small business
 2 contracting program within the State; and
 3 (2) Appropriating funds for staffing of the small business
 4 assistance initiative.

5 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is
 6 amended by adding a new section to part IX to be appropriately
 7 designated and to read as follows:

8 "§103D- Small business assistance initiative;
 9 established. (a) A small business assistance initiative shall
 10 be established within the state procurement office. The
 11 initiative shall enable the collection and development of small
 12 business data and information, and convene stakeholders to
 13 develop an effective small business program with actionable
 14 rules.

15 The small business assistance initiative shall consist of a
 16 small business assistance coordinator, small business office,
 17 and small business advisory group. The small business
 18 assistance coordinator and small business office shall collect
 19 and provide data and metrics to the small business advisory
 20 group which, in turn, shall make recommendations that may be
 21 used to adopt permanent rules to carry the initiative forward.



- 1 (b) There is established within the state procurement
2 office full-time equivalent position for a small business
3 assistance coordinator. This position shall be exempt from
4 chapter 76. This position shall be part of the small business
5 assistance initiative and shall be directly responsible for the
6 maintenance and collection of data from the state small business
7 database and the daily operations of the small business
8 assistance initiative. The small business assistance
9 coordinator shall be responsible for the following:
- 10 (1) Establishing and maintaining a statewide small
11 business database;
- 12 (2) Establishing and managing small business registration,
13 certification, and identification processes;
- 14 (3) Drafting policies and rules to assist in the
15 implementation of this part;
- 16 (4) Producing, publishing, and disseminating trainings
17 designed to inform procurement staff and self-
18 identified small business vendors of small business
19 programs and opportunities;
- 20 (5) Conducting surveys and collecting feedback from
21 procurement staff and self-identified small business



1 vendors and presenting the information to the small
2 business advisory group and the state procurement
3 office; and

4 (6) Producing an annual report consisting of small
5 business participation metrics and data, and
6 submitting the report to the small business advisory
7 group.

8 (c) There shall be established a small business office as
9 part of the small business assistance initiative. The state
10 procurement office shall enter into a contract with a private
11 entity to perform the work of the small business office. The
12 contract shall be awarded to an existing, Hawaii-based small
13 business advocacy group with experience helping small businesses
14 obtain state and federal contracts. The contract awardee shall
15 be a native Hawaiian-, veteran-, or women-owned small business
16 and shall have the capacity and understanding of the small
17 business community to be able to meet the requirements of the
18 small business assistance initiative.

19 The small business office shall be responsible for:

20 (1) Providing timely trainings and reports relating to key
21 developments in the small business community;



- 1 (2) Establishing communications with self-identified
2 vendors, which may include the development and
3 implementation of a newsletter and email campaign to
4 keep vendors informed of current small business
5 events;
- 6 (3) Producing and publicizing outreach campaigns related
7 to the initiative and other small business programs
8 and opportunities;
- 9 (4) Creating, developing, advertising, and encouraging
10 vendor participation in workshops, seminars, and
11 trainings designed to promote and enhance small
12 business participation in state contracts;
- 13 (5) Establishing mechanisms and implementing procedures
14 for conducting audits, handling disputes, and
15 investigating allegations of fraud and other
16 misappropriations of the initiative;
- 17 (6) Aggregating all small business resources and materials
18 from around the State and presenting them in an
19 accessible and understandable online format;
- 20 (7) Coordinating with small business advocates in the
21 public and private sectors to create a small business



1 network that can be easily accessed by all small
2 businesses;

3 (8) Answering correspondence from small business vendors
4 about the State's existing small business programs;
5 and

6 (9) Collecting data on existing and future small business
7 vendor disputes, problems, difficulties, successes,
8 recommendations, and any other metrics deemed
9 important to the initiative by the state procurement
10 office or legislature.

11 (d) There shall be established a small business advisory
12 group as part of the small business assistance initiative. The
13 members of the small business advisory group shall be selected
14 by the administrator of the state procurement office and shall
15 consist of small business advocates from state agencies, non-
16 profit entities, and local businesses. The small business
17 advisory group shall be staffed by the administrator of the
18 state procurement office.

19 The small business advisory group shall:

20 (1) Hold meetings, pursuant to chapter 92, to review the
21 progress of the small business assistance initiative



- 1 and investigate issues brought to the attention of the
2 group;
- 3 (2) Recommend amendments and substantive improvements
4 necessary to achieve the intention of the initiative;
- 5 (3) Recommend the scope, powers, administrative
6 definition, staffing, and funding requirements
7 necessary for the creation of a state small business
8 office designed to help small businesses better
9 utilize a future small business program;
- 10 (4) Submit an annual report to the legislature no later
11 than twenty days prior to the convening of each
12 regular session, regarding the recommended goals for
13 an annual amount of state expenditures to be awarded
14 to identified veteran-, native Hawaiian-, or women-
15 owned small businesses based on the metrics
16 established by the initiative;
- 17 (5) Recommend plans for the small business assistance
18 coordinator position, including job responsibilities
19 and placement of the position outside of the
20 initiative;



- 1 (6) Complete a study of this initiative to determine the
2 viability of transferring the functions of the small
3 business office to an office within an existing state
4 department and submit the study and any
5 recommendations to the policy board and the
6 legislature no later than twenty days prior to the
7 convening of each regular session;
- 8 (7) Determine the appropriateness of retaining the small
9 business assistance coordinator as an exempt employee
10 or converting the position to a civil service
11 position, and submit a recommendation to the policy
12 board and the legislature no later than twenty days
13 prior to the convening of each regular session
14 regarding the future status of the position;
- 15 (8) Draft, publish, and disseminate an annual report of
16 recommendations, observations, and metrics related to
17 the small business assistance initiative and its
18 success in encouraging and growing the participation
19 of small businesses in applying for and being awarded
20 state contracts; and



1 (9) Provide recommendations in the annual report regarding
 2 next steps toward development of a state small
 3 business program consistent with section 103D-906, and
 4 propose rules for the small business program to be
 5 adopted and implemented by the policy board."

6 SECTION 3. There is appropriated out of the general
 7 revenues of the State of Hawaii the sum of \$ or so much
 8 thereof as may be necessary for fiscal year 2017-2018 and the
 9 same sum or so much thereof as may be necessary for fiscal year
 10 2018-2019 for the completion of the state small business
 11 database.

12 The sums appropriated shall be expended by the state
 13 procurement office for the purposes of this Act.

14 SECTION 4. There is appropriated out of the general
 15 revenues of the State of Hawaii the sum of \$ or so much
 16 thereof as may be necessary for fiscal year 2017-2018 and the
 17 same sum or so much thereof as may be necessary for fiscal year
 18 2018-2019 to establish full-time equivalent (FTE)
 19 exempt position for a small business assistance coordinator
 20 within the state procurement office.



1 The sums appropriated shall be expended by the state
2 procurement office for the purposes of this Act.

3 SECTION 5. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2017-2018 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2018-2019 for the state procurement office to contract with a
8 local small business, which shall serve as the small business
9 office during the small business assistance initiative and for
10 the marketing and outreach of the small business assistance
11 initiative.

12 The sums appropriated shall be expended by the state
13 procurement office for the purposes of this Act.

14 SECTION 6. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

Small Business Assistance Initiative; Procurement Initiative;
Appropriation

Description:

Assists small business in the state procurement process by
establishing a small business assistance initiative.
Establishes a small business assistance coordinator position,
small business office, and small business advisory group as part
of the initiative. Appropriates funds. (SB1059 HD1)

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not legislation or evidence of legislative intent.*

