
A BILL FOR AN ACT

RELATING TO PROCUREMENT PREFERENCES AND RECIPROCITY.

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

1 SECTION 1. The legislature finds that Hawaii service
2 businesses are an important aspect of the State's economy.
3 Hawaii service businesses boost the economy by employing Hawaii
4 residents who spend their earnings in the State. Therefore,
5 when expending public funds, the term "buy local" should apply
6 to the State's purchase of services as it does to the purchase
7 of goods.

8 The legislature further finds that many of the State's
9 residents who earn college degrees either leave the State or do
10 not return due to the lack of career opportunities. Public
11 accounting firms with offices in the State help to address these
12 needs by offering professional career paths that allow residents
13 to remain in the State. These public accounting firms are
14 committed to helping residents develop the professional and
15 technical skills necessary to succeed in the public accounting
16 industry; however, the high cost of operating a business and the
17 high cost of living in Hawaii makes it difficult to compete for



1 government contracts against firms without offices in Hawaii
2 that operate out of low-cost jurisdictions.

3 The legislature also finds that procurement preferences can
4 encourage the growth and sustainability of businesses that
5 employ Hawaii residents by providing them with a competitive
6 advantage in government contracts. This, in turn, can lead to
7 the creation of new jobs or the retention of existing ones and
8 increase economic activity within the State.

9 Accordingly, the purpose of this Act is to:

- 10 (1) Establish a new accounting services procurement
- 11 preference for certain Hawaii accounting service
- 12 businesses; and
- 13 (2) Clarify that the existing reciprocity procurement
- 14 preference includes offerors under section 103D-303,
- 15 Hawaii Revised Statutes.

16 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is
17 amended by adding a new section to part X to be appropriately
18 designated and to read as follows:

19 "§103D- Accounting service businesses. (a) In any
20 expenditure of public funds for accounting services, the use of
21 Hawaii accounting service businesses shall be preferred. Where



1 a package bid or response to a request for proposal contains
2 both Hawaii and non-Hawaii accounting service businesses, for
3 the purpose of selecting the lowest bid or purchase price only,
4 the bid or offer by a non-Hawaii accounting service business
5 shall be increased by a preference percentage of twenty per
6 cent; provided that the Hawaii accounting service business shall
7 provide a self-certification that:

8 (1) Not less than eighty per cent of the labor for
9 accounting services, with respect to time and expenses
10 incurred, will be performed in the State by persons
11 domiciled in the State; and

12 (2) With respect to the size of the physical location, the
13 commercial place of business is of sufficient capacity
14 to accommodate every person performing accounting
15 services under any contract subject to chapter 103D.

16 (b) This section shall not apply when precluded by federal
17 requirements for competitive bidding or offers."

18 SECTION 3. Section 103D-1001, Hawaii Revised Statutes, is
19 amended by adding three new definitions to be appropriately
20 inserted and to read as follows:



1 "Accounting services" means the art of recording,
2 classifying, and summarizing, in a significant manner and in
3 terms of money, transactions and events that are, at least in
4 part, of a financial character, and interpreting the results.

5 "Accounting services" shall include assurance services, such as
6 the performance of an audit.

7 "Commercial place of business" means a physical location in
8 the State, such as an office, suite, or unit, where business is
9 regularly conducted. A "commercial place of business" shall not
10 include a dwelling or any physical location in which a person
11 resides or a physical location being used for business purposes
12 in violation of the applicable land use or zoning laws.

13 "Hawaii accounting service business" means any person,
14 agency, corporation, or other business entity engaged in the
15 business of accounting services with a commercial place of
16 business located in the State."

17 SECTION 4. Section 103D-1004, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) To ensure fair and open competition for Hawaii
20 businesses engaged in contracting with other states, the chief
21 procurement officer may impose a reciprocal preference against



1 bidders and offerors pursuant to sections 103D-302 and 103D-303
2 from those states which apply preferences. The amount of the
3 reciprocal preference shall be equal to the amount by which the
4 non-resident preference exceeds any preference applied by this
5 State.

6 In determining whether a bidder or offeror qualifies as a
7 resident bidder~~[7]~~ or offeror, the definition used by the other
8 state in applying a preference shall apply."

9 SECTION 5. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 6. This Act shall take effect on July 1, 2112.



Report Title:

Accounting Service Businesses; Procurement Preferences;
Reciprocity; Definitions

Description:

Establishes a new accounting services procurement preference for certain Hawaii accounting service businesses. Clarifies that the existing reciprocity procurement preference includes offerors under section 103D-303, HRS. Takes effect 7/1/2112.
(SD1)

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