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# 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 current difficult  
2 economic conditions warrant the use of incentives to help create  
3 job growth and stimulate the State's economy. The legislature  
4 also finds that the process for procuring state contracts is  
5 often cumbersome. The legislature further finds that incentives  
6 in the procurement process would lead to more companies bidding  
7 for state contracts. This would give the State a broader  
8 network of contractors to choose from and would possibly  
9 expedite the progress of rebuilding Hawaii's economy and  
10 workforce by having a number of companies working on various  
11 state projects.

12           The purpose of this Act is to create price preferences for  
13 bids and proposals submitted to procuring agencies by Hawaii  
14 small businesses, veterans, and service-disabled veterans.

15           SECTION 2. Section 103D-903, Hawaii Revised Statutes, is  
16 amended by amending subsection (c) to read as follows:

17           "(c) In carrying out this part, the chief procurement  
18 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;
- 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  
18          business; [~~and~~]
- 19          (8) Impose mandatory evaluation criteria designed to  
20          encourage the use of small business as subcontractors  
21          on large contracts not susceptible to performance by  
22          small business[-]; and



1       (9) Establish the goal that at least three per cent of the  
 2           State's annual purchasing expenditures shall be  
 3           awarded to veteran-owned businesses."

4       SECTION 3. Section 103D-906, Hawaii Revised Statutes, is  
 5 amended to read as follows:

6       " ~~[+]§103D-906[+] Preference for Hawaii small businesses[~~7~~~~  
 7 ~~set-asides; use as subcontractors]~~. (a) The policy board shall  
 8 adopt rules to promote the growth and development of Hawaii  
 9 small businesses that shall include:

10       ~~[-(1) Set-asides for small businesses in appropriate~~  
 11           ~~classifications of requirements suitable to~~  
 12           ~~performance by small businesses; and~~

13       ~~[-(2) Criteria designed to encourage the use of small~~  
 14           ~~businesses as subcontractors on large contracts.]~~

15       (1) A five per cent price preference for Hawaii small  
 16           businesses other than those described in paragraphs  
 17           (2) and (3);

18       (2) A seven per cent price preference for businesses owned  
 19           by veterans; and

20       (3) A nine per cent price preference for businesses owned  
 21           by service-disabled veterans;



1 provided that for purposes of this section, a business shall be  
2 owned by a veteran or service-disabled veteran if the veteran or  
3 service-disabled veteran directly owns at least a fifty-one per  
4 cent interest in the business.

5 The rules adopted pursuant to this section shall include  
6 rules for verifying the status and eligibility of veterans and  
7 service-disabled veterans.

8 (b) As used in this section:

9 "Hawaii small business" means a small business as defined  
10 in section 103D-901, that:

11 (1) Has its principal place of business or ancillary  
12 headquarters located within the State;

13 (2) Employs a work force consisting of not less than  
14 thirty-five per cent of employees who reside within  
15 the State; and

16 (3) Employs fewer than fifty employees.

17 "Service-disabled veteran" means a veteran who has a  
18 service-connected disability compensable under title 38 United  
19 States Code section 1110 or 1131 and who meets any other  
20 applicable qualifications established by rule.

21 "Veteran" means any person who has served in any of the  
22 armed services of the United States in any war or campaign in



1 which the United States was engaged, whose service has been  
2 verified by the:

3       (1) United States Department of Veterans Affairs;

4       (2) United States Department of Defense;

5       (3) United States Coast Guard; or

6       (4) National Guard,

7 and who meets any other applicable qualifications established by  
8 rule.

9       "Veteran-owned business" and "service-disabled veteran-  
10 owned business" means a business entity of which fifty-one per  
11 cent or more is owned by a veteran or service-disabled veteran,  
12 respectively."

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

15       SECTION 5. This Act shall take effect on July 1, 2112.



**Report Title:**

Procurement; Small Businesses; Veterans; Disabled Veterans

**Description:**

Authorizes the chief procurement officer to establish the goal that at least three percent of the State's annual purchasing expenditures be awarded to veteran-owned businesses. Requires the procurement policy board to adopt rules that include a five percent preference for small businesses, a seven percent preference for veteran-owned businesses, and a nine percent preference for service-disabled veteran-owned businesses. Effective July 1, 2112. (HB2318 HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

