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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 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 in Hawaii through the establishment of a  
5 small business preference program as part of the procurement  
6 process. Additionally, Act 213, Session Laws of Hawaii 2007,  
7 approved the funding for a full-time position in the state  
8 procurement office with the purpose of implementing part IX of  
9 the Hawaii Public Procurement Code, relating to assistance to  
10 small businesses. Unfortunately, due to funding and staffing  
11 cuts in 2008, this position was never filled and was eliminated  
12 from the state procurement office. Although section 3-124-73,  
13 Hawaii Administrative Rules, and related interim small business  
14 preference rules went into effect in 2007, there was no  
15 dedicated position to carry out those rules. Unfortunately, in  
16 the absence of this dedicated position or a small business  
17 office, these interim rules failed to help the small business



1 community and expired in 2011. Act 42, Session Laws of Hawaii  
2 2017, created a small business initiative; however, the  
3 initiative did not receive funding and the enabling legislation  
4 sunset in 2020.

5 The legislature also finds that small businesses owned by  
6 veterans, Native Hawaiians, and women are the most vulnerable  
7 and disadvantaged businesses within the State. The legislature  
8 further finds that an initiative is needed to identify,  
9 quantify, and address the needs of these small businesses and  
10 measure and track their present participation in state small  
11 business contracts.

12 The legislature finds that the State must create, develop,  
13 and implement strategies to ensure that small businesses,  
14 including businesses owned by veterans, Native Hawaiians, and  
15 women, are able to effectively participate in small business  
16 contracting opportunities within our State.

17 The legislature notes that previously developed  
18 administrative rules with respect to the development of small  
19 business contracts with the State were not effective because of  
20 a lack of appropriate business metrics and data available to



1 provide relevant information necessary for the creation of those  
2 rules.

3 The legislature finds that any solution to address small  
4 business concerns in the State must be attempted incrementally.  
5 The legislature also notes that the state procurement office is  
6 now ready to address part IX of the Hawaii Public Procurement  
7 Code and assist self-identified small businesses in obtaining  
8 state contracts. The legislature intends to facilitate this  
9 process by creating a small business assistance initiative to  
10 collect and develop relevant data and information necessary for  
11 small businesses to compete for and obtain small business  
12 contracts and identify and resolve issues that must be addressed  
13 to develop an effective small business state contracting program  
14 within the state procurement process.

15 The purpose of this Act is to establish the small business  
16 assistance initiative and provide staffing for the  
17 implementation of part IX of the Hawaii Public Procurement Code,  
18 relating to assistance to small businesses.

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



1           "§103D-           Small business assistance initiative;  
2 coordinator; small business office; established. (a) There is  
3 established within the state procurement office a small business  
4 assistance initiative to facilitate the collection and  
5 development of relevant data and information to assist small  
6 businesses.

7           (b) The small business assistance initiative shall consist  
8 of a small business procurement coordinator and small business  
9 office.

10          (c) There is established the position of small business  
11 procurement coordinator within the state procurement office,  
12 which shall be exempt from chapter 76. The small business  
13 procurement coordinator, with the assistance of the small  
14 business office, shall be responsible for the collection and  
15 maintenance of data from the state small business database, the  
16 provision of this data and metrics to the chief procurement  
17 officer, and the daily operations of the small business  
18 assistance initiative established in subsection (a). The small  
19 business procurement coordinator shall also be responsible for  
20 implementing programs and procedures to carry out the intent of  
21 this part to assist small businesses, including:



- 1        (1) Establishing and maintaining a statewide small  
2        business database;
- 3        (2) Establishing and managing a small business  
4        registration, certification, and identification  
5        process;
- 6        (3) Drafting policies and rules to assist in the  
7        implementation of this part;
- 8        (4) Producing, publishing, and disseminating training  
9        materials designed to inform procurement staff and  
10       self-identified small business vendors of all small  
11       business programs and opportunities;
- 12       (5) Conducting surveys of, and collecting feedback from,  
13       procurement staff and self-identified small business  
14       vendors to be presented to the chief procurement  
15       officer of the State; and
- 16       (6) Producing an annual report of small business  
17       participation metrics and data to be submitted to the  
18       chief procurement officer.
- 19       (d) There is established, as part of the initiative under  
20       subsection (a) and within the state procurement office, a small  
21       business office. A contract to hire a firm to perform the



1 operations and maintenance of the small business office for the  
2 initiative shall be executed. The contract shall be awarded to  
3 an existing Hawaii-based small business advocacy group with  
4 experience in helping small businesses obtain state and federal  
5 contracts. The awardee shall be a small business owned by a  
6 Native Hawaiian, veteran, or female, and shall have an  
7 understanding of the small business community to be able to meet  
8 the requirements of the small business initiative. The small  
9 business office shall be responsible for:

- 10       (1) Providing timely training and reports relating to key  
11           developments in the small business community;
- 12       (2) Establishing communications with self-identified  
13           vendors that may include developing and implementing a  
14           newsletter and electronic mail campaign to keep  
15           vendors informed of current small business events;
- 16       (3) Producing and publicizing outreach campaigns related  
17           to the small business initiative and other small  
18           business programs and opportunities as may be  
19           developed or discovered;
- 20       (4) Creating, developing, advertising, and encouraging  
21           vendor participation in workshops, seminars, and



- 1           training designed to promote and enhance small  
2           business participation in state contracts;
- 3       (5) Establishing mechanisms and implementing procedures  
4           for conducting audits, handling disputes, and  
5           investigating allegations of fraud and other  
6           misappropriations of the small business initiative and  
7           its benefits to small businesses;
- 8       (6) Aggregating all small business resources and materials  
9           from around the State and presenting them in an easily  
10          accessible and understandable online format by  
11          potential vendor participants;
- 12       (7) Coordinating with small business advocates in the  
13          public and private sectors to create a small business  
14          network that can be easily accessed by all small  
15          businesses;
- 16       (8) Answering small business vendors' electronic mail and  
17          questions about the State's existing small business  
18          programs; and
- 19       (9) Collecting data on existing and future small business  
20          vendor disputes, problems, difficulties, successes,  
21          recommendations, and any other metrics deemed



1           important to the initiative by the state procurement  
2           office or legislature."

3           SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$           or so  
5 much thereof as may be necessary for fiscal year 2022-2023 for  
6 the small business assistance initiative established pursuant to  
7 this Act; provided that the sum appropriated shall be used:

8           (1) For the establishment of one full-time equivalent  
9           (1.00 FTE) small business procurement coordinator  
10           position exempt from chapter 76, Hawaii Revised  
11           Statutes, in the state procurement office; and

12           (2) For the hiring of a local small business to serve as a  
13           consultant to develop a business model, assist in the  
14           development of administrative rules, and provide  
15           guidance on initializing and maintaining the small  
16           business assistance initiative.

17           The sum appropriated shall be expended by the state  
18 procurement office for the purposes of this Act.

19           SECTION 4. New statutory material is underscored.

20           SECTION 5. This Act shall take effect on July 1, 2112;  
21 provided that section 3 shall take effect on July 1, 2022.





# H.B. NO. 1974 H.D. 1

**Report Title:**

Procurement; Hawaii Public Procurement Code; Small Business Assistance Initiative; Small Business Procurement Coordinator; Small Business Office; Appropriation

**Description:**

Establishes the small business assistance initiative within the state procurement office, to consist of a small business procurement coordinator and small business office. Appropriates funds. Effective 7/1/2112. (HD1)

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

