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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. The term of the initiative shall be five years from  
7 the enactment of this section.

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

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



1 implementing programs and procedures to carry out the intent of  
2 this part to assist small businesses, including:

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



1       (d) There is established, as part of the initiative under  
2 subsection (a) and within the state procurement office, a small  
3 business office. A contract to hire a firm to perform the  
4 operations and maintenance of the small business office for the  
5 initiative shall be executed. The contract shall be awarded to  
6 an existing Hawaii-based small business advocacy group with  
7 experience in helping small businesses obtain state and federal  
8 contracts. The awardee shall be a small business owned by a  
9 Native Hawaiian, veteran, or female, and shall have an  
10 understanding of the small business community to be able to meet  
11 the requirements of the small business initiative. The small  
12 business office shall be responsible for:

- 13       (1) Providing timely training and reports relating to key  
14 developments in the small business community;  
15       (2) Establishing communications with self-identified  
16 vendors that may include developing and implementing a  
17 newsletter and electronic mail campaign to keep  
18 vendors informed of current small business events;  
19       (3) Producing and publicizing outreach campaigns related  
20 to the small business initiative and other small



- 1           business programs and opportunities as may be  
2           developed or discovered;
- 3       (4) Creating, developing, advertising, and encouraging  
4           vendor participation in workshops, seminars, and  
5           training designed to promote and enhance small  
6           business participation in state contracts;
- 7       (5) Establishing mechanisms and implementing procedures  
8           for conducting audits, handling disputes, and  
9           investigating allegations of fraud and other  
10          misappropriations of the small business initiative and  
11          its benefits to small businesses;
- 12       (6) Aggregating all small business resources and materials  
13          from around the State and presenting them in an easily  
14          accessible and understandable online format by  
15          potential vendor participants;
- 16       (7) Coordinating with small business advocates in the  
17          public and private sectors to create a small business  
18          network that can be easily accessed by all small  
19          businesses;



- 1       (8) Answering small business vendors' electronic mail and  
2       questions about the State's existing small business  
3       programs; and
- 4       (9) Collecting data on existing and future small business  
5       vendor disputes, problems, difficulties, successes,  
6       recommendations, and any other metrics deemed  
7       important to the initiative by the state procurement  
8       office or legislature."

9           SECTION 3. Section 103D-902, Hawaii Revised Statutes, is  
10 amended to read as follows:

11           "**§103D-902 Small business assistance[-]; education.** (a)

12 The policy board shall adopt rules to assist small businesses in  
13 learning how to do business with the State.

14           (b) The state procurement office shall establish a small  
15 business initiative program consistent with this chapter to  
16 ensure that small businesses, including businesses owned by  
17 veterans, native Hawaiians, and women, are able to effectively  
18 participate in small business contracting opportunities in the  
19 State."

20           SECTION 4. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$366,000 or so much





1 thereof as may be necessary for fiscal year 2022-2023 for the  
2 small business assistance initiative established pursuant to  
3 this Act; provided that the sum appropriated shall be used as  
4 follows:

- 5 (1) \$115,000 shall be used to complete the state small  
6 business database as provided by Act 42, Session Laws  
7 of Hawaii 2017, prior to its repeal;
- 8 (2) \$126,000 shall be used for the establishment of one  
9 permanent full-time equivalent (1.00 FTE) small  
10 business procurement coordinator position exempt from  
11 chapter 76, Hawaii Revised Statutes, in the state  
12 procurement office; and
- 13 (3) \$125,000 shall be used for the hiring of a local small  
14 business to operate and maintain the small business  
15 office established by this Act and for marketing of  
16 and outreach for the small business assistance  
17 initiative for the full term of the five-year  
18 initiative.

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



1 SECTION 5. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect on July 1, 2112;  
4 provided that section 4 shall take effect on July 1, 2022.



**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. (SD1)

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

