
A BILL FOR AN ACT

RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE.

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

1 SECTION 1. Chapter 201M, Hawaii Revised Statutes, is
2 amended by adding three new sections to be appropriately
3 designated and to read as follows:

4 "§201M-A Small business office; established. There is
5 established within the department a small business office for
6 the purpose of administering the state small business program.

7 201M-B State small business program; duties of the small
8 business office. (a) The office may coordinate the
9 implementation of the state small business program with any
10 similar programs offered by the State.

11 (b) The office may provide services to state agencies to
12 train and assist small businesses in doing business with the
13 State.

14 (c) In the performance of its duties, the office may:

15 (1) Give special publicity to procurement procedures and
16 issue special publications designed to assist small
17 businesses in learning to do business with the State;



- 1 (2) Compile, maintain, and make available source lists of
2 small businesses for the purpose of encouraging
3 procurement from small businesses;
- 4 (3) Include small businesses on solicitation mailing
5 lists;
- 6 (4) Develop and conduct training programs to assist small
7 businesses;
- 8 (5) Reduce the level or change the types of bonding
9 required or accept alternative forms of security;
- 10 (6) Make special provisions for progress payments;
- 11 (7) Establish the goal that twenty per cent of the State's
12 annual purchasing expenditures be awarded to small
13 businesses;
- 14 (8) Impose mandatory evaluation criteria designed to
15 encourage the use of small businesses as
16 subcontractors on large contracts not susceptible to
17 performance by small businesses; and
- 18 (9) Consult with the administrator of the state
19 procurement office regarding its enumerated duties.



1 201M-C Preference for small businesses; set-asides; use as
2 subcontractors. The board shall adopt rules to promote the
3 growth and development of small businesses that shall include:

4 (1) Set-asides for small businesses in appropriate
5 classifications of requirements suitable to
6 performance by small businesses, to include: native
7 Hawaiian organizations, veteran-owned organizations,
8 and service-disabled veteran-owned organizations, as
9 defined by the United States Small Business
10 Administration; and

11 (2) Criteria designed to encourage the use of small
12 businesses as subcontractors for large government
13 contracts."

14 SECTION 2. Section 103D-901, Hawaii Revised Statutes, is
15 amended by amending the definition of "small business" to read
16 as follows:

17 "'Small business" means a business that is independently
18 owned and defined by detailed criteria pursuant to rules adopted
19 by the [~~policy board.~~ ~~The policy board~~] small business
20 regulatory review board established by chapter 201M; provided
21 that the small business regulatory review board shall adopt



1 rules defining "small business" through detailed criteria that
2 may include the number of employees and similar factors used by
3 the United States Small Business Administration."

4 SECTION 3. Section 201M-1, Hawaii Revised Statutes, is
5 amended as follows:

6 1. By adding two new definitions to be appropriately
7 inserted and to read:

8 "Department" means the department of business, economic
9 development, and tourism.

10 "Office" means the small business office established by
11 section 201M-A."

12 2. By amending the definition of "small business" to read:

13 "Small business" means [a for-profit enterprise consisting
14 of fewer than one hundred full-time or part-time employees.] a
15 business that is independently owned and defined by detailed
16 criteria set forth in rules adopted by the small business
17 regulatory review board established by chapter 201M; provided
18 that the small business regulatory review board shall adopt
19 rules defining "small business" through detailed criteria that
20 may include the number of employees and similar factors used by
21 the United States Small Business Administration."



SECTION 4. Section 103D-903, Hawaii Revised Statutes, is repealed.

~~["§103D-903 Duties of the chief procurement officer. (a) The chief procurement officer may coordinate the implementation of this part with any similar programs offered by the department of business, economic development, and tourism or any other governmental body.~~

~~(b) The chief procurement officer may provide staff to provide service to designated state agencies to assist small businesses in learning how to do business with the State.~~

~~(c) In carrying out this part, the chief procurement officer may:~~

~~(1) Give special publicity to procurement procedures and issue special publications designed to assist small businesses in learning how to do business with the State;~~

~~(2) Compile, maintain, and make available source lists of small businesses for the purpose of encouraging procurement from small business;~~

~~(3) Include small businesses on solicitation mailing lists;~~



1 ~~(4) Develop and conduct training programs to assist small~~
2 ~~businesses;~~

3 ~~(5) Reduce the level or change the types of bonding~~
4 ~~normally required or accept alternative forms of~~
5 ~~security;~~

6 ~~(6) Make special provisions for progress payments;~~

7 ~~(7) Establish the goal that twenty per cent of the State's~~
8 ~~annual purchasing expenditure be awarded to small~~
9 ~~business; and~~

10 ~~(8) Impose mandatory evaluation criteria designed to~~
11 ~~encourage the use of small business as subcontractors~~
12 ~~on large contracts not susceptible to performance by~~
13 ~~small business."]~~

14 SECTION 5. Section 103D-904, Hawaii Revised Statutes, is
15 repealed.

16 ~~["[§103D-904] Geographic bidding. The chief procurement~~
17 ~~officer may utilize geographic bidding in providing goods,~~
18 ~~services, and construction to best meet the needs of the~~
19 ~~State."]~~

20 SECTION 6. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 7. In codifying the new sections added by section
2 1 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

5 SECTION 8. This Act shall take effect upon its approval.

6



Report Title:

Procurement; Small Business Office; Hawaii Small Business Program

Description:

Establishes the small business office to administer the state small business program. Establishes the state small business program and transfers certain duties of the chief procurement officer to the small business office, which under the state small business program may, among other things, train and assist small businesses in doing business in the State, encourage procurement from small businesses, and establish a goal of awarding twenty per cent of the State's annual purchasing expenditures to small businesses. Requires the small business regulatory review board to adopt rules to define "small business", establish set-asides for small businesses, and encourage the use of small businesses as subcontractors for large government contracts. (SD1)

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