
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 supporting local
2 businesses strengthens Hawaii's economy, creates jobs, reduces
3 the carbon footprint associated with importing goods and
4 services, and promotes food and resource security. Despite
5 these benefits, local businesses often face barriers to
6 competing for large state contracts due to their size and
7 capacity.

8 The purpose of this Act is to amend the Hawaii public
9 procurement code to:

- 10 (1) Mandate state agencies to prioritize purchasing from
11 local vendors whenever feasible;
- 12 (2) Allow state agencies to split contracts across
13 multiple local vendors to enhance participation and
14 competitiveness; and
- 15 (3) Specify when contracts may be awarded to multiple
16 vendors.



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

"§103D- Local vendors; preference; multiple awards.

(a) All state agencies, when expending public funds for goods, services, or construction, shall give preference to local vendors; provided that the goods, services, or construction meet the specifications and standards required by the agency and are available at a reasonable cost. In evaluating bids, agencies shall apply a fifteen per cent preference to bids submitted by local vendors.

(b) Agencies may split contracts into smaller parcels to allow multiple local vendors to bid for and secure portions of state procurement contracts; provided that:

(1) Splitting contracts does not significantly compromise project efficiency or increase costs beyond reason;

(2) A procurement officer certifies that splitting the contract aligns with the purpose of this section; and

(3) Any split contract complies with applicable legal and ethical standards.



1 (c) Each state agency shall submit an annual report to the
2 legislature, no later than twenty days prior to the convening of
3 each regular session, detailing:

4 (1) The percentage of goods, services, or construction
5 procured from local vendors;

6 (2) Challenges encountered in implementing this section;
7 and

8 (3) Recommendations for further legislative action to
9 enhance local procurement.

10 (d) For purposes of this section, "reasonable cost" means
11 costs that do not exceed fifteen per cent more than the lowest
12 responsible bid from a non-local vendor, subject to review by
13 the procurement officer."

14 SECTION 3. Section 103D-104, Hawaii Revised Statutes, is
15 amended by adding a new definition to be appropriately inserted
16 and to read as follows:

17 "Local vendor" means a business that is headquartered in
18 Hawaii and primarily employs Hawaii residents."

19 SECTION 4. Section 103D-302, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



1 "(a) Contracts shall be awarded by competitive sealed
2 bidding except as otherwise provided in [~~section 103D-301.~~] this
3 chapter. Awards of contracts by competitive sealed bidding may
4 be made after single or multi-step bidding. Competitive sealed
5 bidding does not include negotiations with bidders after the
6 receipt and opening of bids. Award is based on the criteria set
7 forth in the invitation for bids."

8 SECTION 5. Section 103D-322, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§103D-322 Multiple awards.** (a) Contracts may be awarded
11 to multiple vendors if the procurement officer determines that
12 the award:

13 (1) Promotes efficiency and competition;

14 (2) Expands opportunities for local vendors; and

15 (3) Supports the goals of this chapter to ensure the best
16 value for public funds.

17 (b) The policy board [may] shall adopt rules authorizing
18 the use and prescribing the manner in which goods, services, or
19 construction may be procured through multiple awards."

20 SECTION 6. The procurement policy board shall adopt rules
21 pursuant to chapter 91, Hawaii Revised Statutes, to implement



1 this Act. The rules shall include guidance on contract
2 splitting, vendor certification, and reporting requirements.

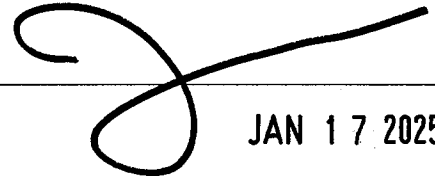
3 SECTION 7. This Act shall not be applied so as to impair
4 any contract existing as of the effective date of this Act in a
5 manner violative of either the Constitution of the State of
6 Hawaii or the United States Constitution.

7 SECTION 8. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 9. This Act shall take effect on July 1, 2025.

10

INTRODUCED BY: _____



JAN 17 2025



H.B. NO. 723

Report Title:

Procurement; Local Vendors; Preference; Multiple Awards

Description:

Mandates state agencies to prioritize purchasing from local vendors whenever feasible. Allows state agencies to split contracts across multiple local vendors to enhance participation and competitiveness. Specifies when contracts may be awarded to multiple vendors.

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

