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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 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, the position was never filled and later  
12       eliminated. Therefore, although subchapter 9 of 3-124, Hawaii  
13       Administrative Rules, the interim rules establishing the  
14       procedures to implement the Hawaii small business preference  
15       program went into effect in 2007, there was no dedicated  
16       position to carry out those rules. In the absence of this  
17       dedicated position or a small business office, the interim rules



1 failed to aid the small business community and expired in 2011.  
2 Act 42, Session Laws of Hawaii 2017, then attempted to address  
3 this critical need by creating a small business assistance  
4 initiative. However, the three-year initiative did not receive  
5 funding in its second and third years and the enabling  
6 legislation sunset in 2020.

7 The legislature further finds that Act 168, Session Laws of  
8 Hawaii 2022, established a five-year small business assistance  
9 initiative within the state procurement office to identify,  
10 quantify, and address the needs of small businesses and measure  
11 and track their participation in state small business contracts.  
12 The initiative consisted of a small business procurement  
13 coordinator and small business office, funded through an  
14 appropriation. The intent of the initiative was to create,  
15 develop, and implement strategies to ensure that small  
16 businesses, including businesses owned by veterans, Native  
17 Hawaiians, and women, were able to effectively participate in  
18 small business contracting opportunities within the State.

19 A contract with the small business office was executed in  
20 2023 and the position of small business procurement coordinator  
21 was filled in 2025. Since then, a statewide small business



1 database has been established and is currently being expanded; a  
2 Hawaii small business office website was created to provide  
3 crucial information and tools for small businesses; and two  
4 statewide surveys were conducted to collect data from small  
5 business and procurement staff. The initiative has also  
6 conducted training workshops and outreach activities to foster  
7 direct engagement and educate small business owners on  
8 navigating state procurement processes. The initiative is  
9 currently developing draft administrative rules for small  
10 business assistance.

11 The legislature notes that previously drafted  
12 administrative rules relating to the development of small  
13 business contracts with the State were not effective due to  
14 insufficient business metrics and data to inform the creation of  
15 the rules.

16 The legislature further finds that as part of the state's  
17 incremental initiatives to assist small businesses in the state  
18 procurement process, the state procurement office is now  
19 addressing part IX of the Hawaii public procurement code and  
20 assisting self-identified small businesses to obtain state  
21 contracts. The legislature recognizes the importance of



1 continuing this progress by expanding the small business  
2 assistance initiative into a permanent procurement program to  
3 collect and develop relevant data and information necessary for  
4 small businesses to compete for and obtain small business  
5 contracts and identify and resolve issues that must be addressed  
6 to develop an effective small business state contracting program  
7 within the state procurement process.

8 Accordingly, the purpose of this Act is to permanently  
9 establish and appropriate funds for the small business  
10 procurement program and small business procurement coordinator  
11 position within the state procurement office.

12 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is  
13 amended by adding two new sections to part IX to be  
14 appropriately designated and to read as follows:

15 "§103D- Small business procurement program;  
16 establishment. (a) There is established within the state  
17 procurement office a small business procurement program to  
18 ensure that small businesses, including businesses owned by  
19 veterans, Native Hawaiians, and women, are able to effectively  
20 participate in small business contracting opportunities in the  
21 State.



1           (b) The small business procurement program shall be  
2 administered by the small business procurement coordinator.

3           **\$103D- Small business procurement coordinator;**  
4 **appointment; duties.** (a) The administrator of the state  
5 procurement office shall appoint a small business coordinator  
6 for the proper administration, enforcement, and facilitation of  
7 this part. The appointment shall be made without regard to  
8 chapter 76; provided that the coordinator shall be eligible for  
9 participation in state employee benefit plans. Notwithstanding  
10 section 76-16(b)(17), this exemption from chapter 76 shall not  
11 expire.

12           (b) The coordinator shall implement and administer  
13 programs and procedures necessary to assist small businesses to  
14 effectively participate in the State's public procurement  
15 processes. The coordinator shall:

16           (1) Administer the daily operations of the small business  
17 procurement program;  
18           (2) Establish and maintain a statewide small business  
19 database;



1                   (3) Establish processes for the registration,  
2                   certification, and identification of small business in  
3                   the State;  
4                   (4) Develop and implement outreach, engagement, and  
5                   education initiatives, including:  
6                   (A) Serving as a liaison and advocate for small  
7                   business interests within the state procurement  
8                   system;  
9                   (B) Participating in outreach and engagement  
10                   activities, including networking events, trade  
11                   association meetings, local business expositions,  
12                   and collaborating with organizations that support  
13                   entrepreneurs, with a special focus on supporting  
14                   underserved communities;  
15                   (C) Developing and disseminating outreach campaigns  
16                   to promote small business initiatives and  
17                   opportunities, including newsletters and  
18                   electronic mail communications; and  
19                   (D) Creating, developing, advertising, and  
20                   encouraging vendor participation in workshops,  
21                   seminars, and trainings designed to promote and



enhance small business participation in state contracts;

3 (5) Aggregate resources and advance accessibility,  
4 including by:

14 (6) Develop policy, oversight, and training, including:

15                   (A) Drafting policies and rules to support the  
16                   implementation of this part;

17 (B) Producing, publishing, and disseminating training  
18 materials designed to inform procurement staff  
19 and small business vendors of policies and rules.

20 (C) Collaborating with state agencies to identify and  
21 promote contracting opportunities suitable for



1                   small businesses, including identifying potential

2                   contracts for set-asides or preferences; and

3                   (D) Establishing mechanisms and implementing

4                   procedures for handling disputes and

5                   investigating allegations of fraud and other

6                   misappropriations of the small business

7                   procurement program and its benefits to small

8                   businesses; and

9                   (7) Perform data collection and reporting, including by:

10                  (A) Establishing a system for collecting and

11                  analyzing data on small business participation in

12                  state contracts, including data on contract

13                  awards aggregated by industry, agency, and

14                  business demographic;

15                  (B) Collecting data on existing and future small

16                  business vendor disputes, problems, difficulties,

17                  successes, recommendations, and any other metrics

18                  deemed important to the program by the state

19                  procurement office or legislature; and

20                  (C) Producing an annual report of small business

21                  participation data and metrics to be submitted to



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

5        "§103D-902    **Small business assistance.**    [-(a)]    The policy  
6    board shall adopt rules to assist small businesses in learning  
7    how to do business with the State.

8 [ (b) The state procurement office shall establish a small  
9 business initiative program consistent with this chapter to  
10 ensure that small businesses, including businesses owned by  
11 veterans, Native Hawaiians, and women, are able to effectively  
12 participate in small business contracting opportunities in the  
13 state.]"

14 SECTION 4. Act 168, Session Laws of Hawaii 2022, is  
15 amended by amending section 6 to read as follows:

16 "SECTION 6. This Act shall take effect upon its approval;  
17 provided that section 4 shall take effect on July 1, 2022[.];  
18 provided further that section 3 shall be repealed on June 30,  
19 2026."

20 SECTION 5. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$126,000 or so much



1 thereof as may be necessary for fiscal year 2026-2027 to  
2 establish one permanent full-time equivalent (1.0 FTE) small  
3 business procurement coordinator position within the state  
4 procurement office.

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

7 SECTION 6. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 7. This Act shall take effect upon its approval;  
10 provided that sections 2, 3, and 5 shall take effect on July 1,  
11 2026.

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INTRODUCED BY: 

JAN 21 2026



# H.B. NO. 1772

**Report Title:**

SPO; Small Business Procurement Program; Small Business Procurement Coordinator; Appropriation

**Description:**

Establishes the Small Business Procurement Program and Small Business Procurement Coordinator position permanently in the State Procurement Office. Repeals the Small Business Assistance Initiative established in Act 168, Session Laws of Hawaii 2022. Appropriates funds.

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

