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**TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE
ON
ECONOMIC DEVELOPMENT & TECHNOLOGY**
Friday, January 30, 2026

**HOUSE BILL 1772
RELATING TO PROCUREMENT**

Chair Ilagan, Vice Chair Hussey, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1772. The State Procurement Office (SPO) strongly supports this bill, which permanently establishes the Small Business Procurement Program and small business procurement coordinator position within the SPO.

Hawaii's small businesses are a critical driver of the State's economy, yet historically they have faced structural barriers to participating effectively in public procurement. While prior legislative efforts sought to address this issue, many of those initiatives were temporary, under-resourced, or lacked the staffing and data necessary for effective implementation. As a result, earlier programs did not achieve sustained improvements in small business participation in state contracting.

Act 168, Session Laws of Hawaii 2022, marked a significant turning point by establishing a five-year small business assistance initiative within the SPO. Since its implementation and hiring of the Small Business Procurement Coordinator in 2025, the initiative has delivered the following:

1. Established and expanded a statewide small business database to track participation, including:
 - Increasing the small business vendor registration by 42%
 - Tracking small business awards data: \$5.7M in contract dollars awarded to registered small businesses in FY2025, and \$3.2M in FY2026 to date.
2. Developed a centralized small business resource website with a monthly newsletter.
3. Conducted statewide surveys of small businesses and procurement personnel, which revealed:
 - A strong desire from both small businesses and procurement staff to address the complexity, ambiguity, and information gaps preventing success in state contracting; and

- A need to reduce barriers through education, simplification of the procurement process.
- 4. Participated in 14 outreach events and collaborating with other agencies and small business programs in other states.
- 5. Developed draft administrative rules to support Hawai'i Revised Statutes (HRS) chapter 103D part IX, Assistance to Small Businesses.

These efforts have improved both vendor readiness and procurement staff awareness and generated the data necessary to inform policy development and administrative rulemaking. House Bill 1772 builds upon this progress by transitioning the temporary initiative into a permanent program to support small businesses in state procurement. Permanently establishing the Small Business Procurement Program ensures continuity, preserves institutional knowledge, and allows the state to fully realize the benefits of its initial investment under Act 168. Without this measure, Hawai'i risks losing momentum, data infrastructure, and the capacity to address long-standing participation gaps in a meaningful and sustainable way.

Impacts and Implementation Considerations

This bill formalizes existing operations rather than creating a new or duplicative program. By placing the Small Business Procurement Program within part IX of Chapter 103D, HRS, the measure provides clear statutory authority for ongoing data collection, outreach, policy development, and coordination with state agencies.

The fiscal impact is limited and clearly defined. The bill requests the continued appropriation of funds for one permanent full-time equivalent (1.0 FTE) small business procurement coordinator position within the SPO. This position is already functionally in place under the current initiative.

In the long term, the program is expected to continue increasing small business participation in state contracts, improving competition, strengthening local supply chains, and ensuring that public procurement dollars circulate within Hawai'i's economy. Any ongoing costs associated with the program are modest when weighed against these economic and operational benefits.

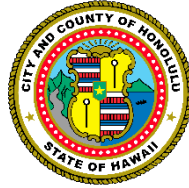
This bill strengthens oversight, accountability, and transparency by requiring data-driven reporting and program evaluation and enables the development of effective administrative rules grounded in data. This measure also advances the Legislature's long-standing intent to assist small businesses, including veteran-owned, Native Hawaiian-owned, and women-owned businesses, by providing tools, guidance, and fair access to state procurement opportunities.

Thank you for the opportunity to submit testimony on this important initiative.

OFFICE OF ECONOMIC REVITALIZATION
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January 29, 2026

The Honorable Greggor Ilagan, Chair
The Honorable Ikaika Hussey, Vice-Chair
and Members of the Committee on Economic Development and Technology
House of Representatives
415 South Beretania Street, Room 423
Honolulu, HI, 96813

SUBJECT: Honolulu Office of Economic Revitalization Support for House Bill 1772 Relating to Public Procurement

Aloha Chair Ilagan, Vice Chair Hussey, and Committee Members:

The Office of Economic Revitalization offers testimony in **support of HB 1772**, which permanently establishes the small business procurement program and small business procurement coordinator position within the State Procurement Office.

Small businesses play an essential role in Hawai'i's economic vitality, but many have historically been excluded from meaningful participation in public contracting. Previous attempts to address these gaps lacked permanence, sufficient capacity, or reliable data, limiting their long-term effectiveness. Expanding access to public procurement remains one of the most practical tools for strengthening economic resilience and supporting local enterprises.

The establishment of the Small Business Assistance Initiative under Act 168 (SLH 2022) created a more durable and data-informed approach within the State Procurement Office. The initiative has already produced tangible results, including improved small business registration and visibility, centralized access to resources, statewide vendor and procurement staff feedback, and expanded outreach and training.

We encourage you to make the small business procurement program and small business procurement position permanent.

Sincerely,

Amy Asselbaye
Executive Director



January 29, 2026

TESTIMONY IN STRONG SUPPORT OF H.B. 1772

Relating to Procurement

House Committee on Economic Development & Technology

January 30, 2026 10:00AM

Aloha Chair, Vice Chair, and Members of the Committee:

My name is Derek Sakaguchi, and I am submitting this testimony in strong support of House Bill 1772.

Through my work with Native Hawaiian entrepreneurs and family-owned businesses, I have seen firsthand both the talent that exists in our communities and the systemic barriers that have limited their access to government contracting opportunities. Many of these businesses have the skills, capacity, and desire to work with the State, yet they are often excluded simply because they lack access to information, guidance, and institutional support.

For too long, state procurement has been difficult to navigate for small, locally owned businesses. Complex rules, unfamiliar processes, limited outreach, and inconsistent assistance have made it challenging for many entrepreneurs to even know where to begin. As a result, too many capable Native Hawaiian-owned businesses have been left out of opportunities that could help them grow, hire locally, and reinvest in their communities.

The Small Business Procurement Program will help to change this reality. For the first time, many Native Hawaiian-owned businesses will have access to centralized resources, training workshops, direct outreach, and personalized guidance on how to compete for state contracts. The creation of a statewide database, educational materials, and a dedicated coordinator has made the state procurement system more transparent and more accessible. These efforts have and will continue to help demystify the process and build confidence among business owners who previously felt excluded.

However, this progress is fragile. Because the current initiative is temporary, many business owners remain uncertain about whether this support will continue. Without permanence, relationships are disrupted, institutional knowledge is lost, and trust within the community is weakened. HB1772 addresses this concern by making the program permanent and ensuring that the State's commitment to small businesses—especially those owned by Native Hawaiians—is not subject to expiration.

Continuity matters. Building capacity within Native Hawaiian-owned businesses does not happen overnight. It requires consistent outreach, long-term mentoring, reliable data



collection, and sustained engagement. This bill recognizes that reality. By permanently establishing the Small Business Procurement Program, the Legislature affirms that supporting small businesses, especially Native Hawaiian entrepreneurs, is not a short-term project, but a long-term investment in Hawai'i's future.

When Native Hawaiian-owned businesses are able to access state and local contracts, the benefits extend far beyond individual companies. These businesses hire locally, support 'ohana, preserve cultural values, and strengthen the economic resilience of our islands. I've experienced through my work that government contracting can be a powerful tool for economic self-determination, but only if access is fair and meaningful.

HB1772 moves Hawai'i closer to that goal. This measure ensures that the data, relationships, and systems built under Act 168 will not be lost. It provides accountability through reporting and oversight. It institutionalizes outreach and advocacy within the procurement system. Most importantly, it sends a clear message to local and Native Hawaiian small businesses that the State is committed to their success.

For these reasons, I strongly urge the Committee to pass HB1772.

Mahalo nui for the opportunity to testify in strong support of this important measure.

Respectfully submitted,



Derek J. Sakaguchi
Chairman & President

HB-1772

Submitted on: 1/27/2026 4:35:40 PM

Testimony for ECD on 1/30/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Eliza Talbot	Individual	Support	Written Testimony Only

Comments:

TO: The Honorable Chair and Members of the House Committee on Economic Development**FROM:** Eliza Talbot**DATE:** January 27, 2026**SUBJECT:** Testimony in Support of H.B. 1772, Relating to Procurement

I found several recent emails and documents about testimonies you've been involved with, including one for **HB1607 (Relating to Public Procurement)**, which is up for a hearing soon and which you were asked to submit testimony in support of.

[1](#)

Based on that context, I've drafted a testimony in support of HB1607. Please review the draft and adjust the salutation, position, bill number, committee, and content if you are writing about a different bill.

TO: The Honorable Chair and Members of the House Committee on Economic Development**FROM:** Eliza Talbot**DATE:** January 27, 2026**SUBJECT:** Testimony in Support of H.B. 1607, Relating to Public Procurement

Aloha Chair and Members of the Committee,

My name is Eliza Talbot, and I am writing to offer my strong support for House Bill 1607, Relating to Public Procurement. I am submitting this testimony as an individual concerned about strengthening our local economy.

This measure, which requires purchasing agencies to apply a local preference to Hawai'i businesses in evaluating bids or proposals, is a critical step toward ensuring that our public procurement dollars are reinvested in our community. By establishing a preference for local businesses, we can foster economic growth, create more jobs, and support the resiliency of our islands.

[1](#)

I believe H.B. 1607 will help level the playing field for small and medium-sized Hawai'i businesses that often struggle to compete with large, out-of-state companies. The tiered local preference percentages established in this bill will encourage state and county agencies to intentionally seek out and select local vendors, thereby boosting our state's economic ecosystem.

I urge you to pass this important measure.

Mahalo for your time and consideration.

With Aloha,

Eliza Talbot

TO: The Honorable Chair and Members of the House Committee on Economic Development

FROM: Eliza Talbot

DATE: January 27, 2026

SUBJECT: Testimony in Support of H.B. 1772, Relating to the Small Business Procurement Program

Aloha Chair Illigan and Members of the House Committee,

My name is Eliza Talbot, and I currently serve as the Chair of the Economic Revitalization Commission for the City and County of Honolulu. As a member of the Commission, I offer my strong support for House Bill 1772, Relating to Procurement.

This bill is a critical companion to H.B. 1607 and a top priority for the Commission members as we seek to find creative ways to boost Honolulu's economic resilience. This measure is intended to establish the Small Business Procurement Program and the Small Business Procurement Coordinator position permanently within the State Procurement Office.

Making this program permanent is a crucial step toward ensuring that small businesses—including those owned by veterans, Native Hawaiians, and women—are able to effectively compete for and obtain state contracting opportunities. The program's activities, such as training workshops and the development of a statewide small business database, are essential to fostering economic growth, creating more jobs, and supporting the resiliency of our islands. By making the program permanent, H.B. 1772 strengthens the state's long-term commitment to our local small businesses, ensuring they can fully benefit from public procurement initiatives like the one proposed in H.B. 1607.

I urge you to pass this important measure. Mahalo for your time and consideration.

With Aloha,

Eliza

TESTIMONY
OF
GREGORY R. KIM
TO THE HOUSE COMMITTEE
ON
ECONOMIC DEVELOPMENT AND & TECHNOLOGY
January 30, 2026, 10:00 a.m.
HOUSE BILL 1772
RELATING TO PROCUREMENT

I am a practicing Hawaii corporate lawyer, and a member of the Economic Revitalization Commission (the “OER Commission”) of the City and County of Honolulu, and I **strongly support HB1772**.

As a member of the OER Commission, and the Chair of the permitted interaction groups appointed by the OER Commission to explore local preferences for small business, I am in a position to understand the needs of the small business community, as well as the potential for supporting small business through the procurement process.

The Small Business Procurement Program is designed to empower small businesses within our state, promoting economic growth and supplier diversity. By providing essential resources and opportunities, the Small Business Procurement Program out of the State Procurement Office aims to create a robust ecosystem where Hawai‘i small businesses can thrive and contribute to our State’s economy. The mission of the program is to support Hawai‘i’s economic growth by promoting and increasing small business participation in state contracting through outreach, advocacy, education, certification, and compliance.

The mission of the Small Business Procurement Coordinator would be to serve as a resource that educates and empowers Hawai‘i’s small business community to confidently engage in state contracting, while simultaneously equipping procurement professionals with the expertise needed to effectively implement small business-focused initiatives. The Program envisions a thriving procurement ecosystem where Hawai‘i’s small businesses are integral to state contracting, supported by clear, accessible guidance and efficient processes, making the Program a model for small business inclusion and ensuring the permanent institutionalization

of Hawai'i small business advocacy.

The continuation of the Program and appointment of a Coordinator would provide a significant boost to the small business community. According to the 2025 Small Business and Procurement Personnel, 62% of procurement personnel are unaware of the small business preference; 76% are unaware if their department is meeting the 20% of small business procurement goal; and 42% of small businesses who have never bid on a state contract cite "unaware of opportunities" as a main reason. These challenges would be alleviated by the appointment of a Coordinator.

Small businesses are a key component of the State's economy, and create the greatest number of new jobs for the community. HB1772 would provide much needed support to small businesses that could bid for and win government contracts.

HB-1772

Submitted on: 1/29/2026 9:48:01 AM

Testimony for ECD on 1/30/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
kaloa@stanfordcarr.com	Individual	Support	Written Testimony Only

Comments:

TESTIMONY IN STRONG SUPPORT OF H.B. 1772

Relating to Procurement

House Committee on Economic Development & Technology

January 30, 2026 10:00AM

Aloha Chair, Vice Chair, and Members of the Committee:

My name is Kaloa Robinson, and I am submitting this testimony in strong support of House Bill 1772.

In my line of work in real estate development with a locally-owned firm, I am constantly engaged with contractors, engineers, designers, suppliers, and service providers. I see every day how development projects succeed when we can partner with strong local small businesses. These businesses bring local knowledge, accountability, and long-term commitment to our communities. Most importantly, they keep our economic activity circulating here at home.

When contract dollars stay in Hawai‘i, they do more than complete a project. They support local jobs, strengthen family-owned companies, and reinvest in our neighborhoods. When those dollars leave the state, we lose that multiplier effect. HB1772 helps ensure that more public procurement spending benefits local businesses rather than being exported to outside firms.

From firsthand experience, I can say that many capable small businesses want to work with the State but struggle to access government contracting opportunities. The procurement system can be complex, difficult to navigate, and intimidating—especially for smaller, locally owned companies that do not have dedicated compliance or legal staff. Too often, this results in large out-of-state firms dominating contracts, even when qualified local companies exist.

By providing centralized information, outreach, training, and technical assistance, the Small Business Procurement Program has helped local businesses better understand bidding requirements, certification processes, and compliance standards. This support increases the

number of competitive local bidders and improves the overall quality of proposals submitted to the State. As a developer, I have seen how this leads to stronger project teams and better project outcomes.

However, these gains will be lost if the program is allowed to expire. Building strong local business capacity takes time. Relationships must be built. Trust must be earned. Skills must be developed. HB1772 recognizes that reality by making this initiative permanent and ensuring that the progress made over the past several years continues.

This stability matters. When more local small businesses are prepared to compete or subcontract for state work, we have a deeper and more reliable pool of partners. That strengthens the entire development ecosystem and reduces reliance on outside firms that may have little long-term investment in Hawai'i.

HB1772 is a smart economic development policy. It protects the public's investment. It supports workforce development. It strengthens local supply chains. And it ensures that taxpayer dollars circulate within our state.

As someone who works every day to build in Hawai'i and for Hawai'i, I strongly urge the Committee to pass this measure.

Mahalo for the opportunity to testify in strong support of House Bill 1772.

Respectfully submitted,

Kaloa Robinson