
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 the State 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 the interim rules establishing
13 the procedures to implement the Hawaii small business preference
14 program went into effect in 2007, there was no dedicated
15 position to carry out the rules. In the absence of this
16 dedicated position or a small business office, the interim rules
17 failed to aid the small business community and expired in 2011.



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

6 The legislature further finds that Act 168, Session Laws of
7 Hawaii 2022, established a five-year small business assistance
8 initiative within the state procurement office to facilitate the
9 collection and development of relevant data and information to
10 help small businesses. The initiative consisted of a small
11 business procurement coordinator and small business office,
12 funded through an appropriation. The intent of the initiative
13 was to create, develop, and implement strategies to ensure that
14 small businesses, including businesses owned by veterans, Native
15 Hawaiians, and women, were able to effectively participate in
16 small business contracting opportunities within the State.

17 A contract with the small business office was executed in
18 2023, and the position of small business procurement coordinator
19 was filled in 2025. Since then, a statewide small business
20 database has been established and is currently being expanded, a
21 Hawaii small business office website was created to provide



1 crucial information and tools for small businesses, and two
2 statewide surveys were conducted to collect data from small
3 business and procurement staff. The initiative has also
4 conducted training workshops and outreach activities to foster
5 direct engagement and educate small business owners on
6 navigating state procurement processes. The initiative is
7 currently developing draft administrative rules for small
8 business assistance.

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

14 The legislature additionally finds that as part of the
15 State's incremental initiatives to assist small businesses in
16 the state procurement process, the state procurement office is
17 now addressing part IX of the Hawaii public procurement code and
18 assisting self-identified small businesses to obtain state
19 contracts. The legislature recognizes the importance of
20 continuing this progress by expanding the small business
21 assistance initiative into a permanent procurement program to



1 collect and develop relevant data and information necessary for
2 small businesses to compete for and obtain small business
3 contracts, and to identify and resolve issues that must be
4 addressed to develop an effective small business state
5 contracting program within the state procurement process.

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

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

13 "§103D- Small business procurement program;
14 establishment. (a) There is established within the state
15 procurement office a small business procurement program 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 (b) The small business procurement program shall be
21 administered by the small business procurement coordinator.



1 §103D- Small business procurement coordinator;
2 appointment; duties. (a) The administrator of the state
3 procurement office shall appoint a small business procurement
4 coordinator for the proper administration, enforcement, and
5 facilitation of this part who shall be exempt from chapter 76;
6 provided that the coordinator shall be eligible for
7 participation in state employee benefit plans. Notwithstanding
8 section 76-16(b) (17), this exemption shall not expire.

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

13 (1) Administer the daily operations of the small business
14 procurement program;

15 (2) Establish and maintain a statewide small business
16 database;

17 (3) Establish processes for the registration,
18 certification, and identification of small business in
19 the State;

20 (4) Develop and implement outreach, engagement, and
21 education initiatives, including:



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



- 1 (A) Aggregating all small business resources and
- 2 materials across the State and presenting them in
- 3 an easily accessible and understandable online
- 4 format for potential vendor participants; and
- 5 (B) Coordinating with small business advocates in the
- 6 public and private sectors to create a small
- 7 business network that can be easily accessed by
- 8 all small businesses;
- 9 (6) Develop policy, oversight, and training, including:
- 10 (A) Drafting policies and rules to support the
- 11 implementation of this part;
- 12 (B) Producing, publishing, and disseminating training
- 13 materials designed to inform procurement staff
- 14 and small business vendors of policies and rules;
- 15 (C) Collaborating with state agencies to identify and
- 16 promote contracting opportunities suitable for
- 17 small businesses, including identifying potential
- 18 contracts for set-asides or preferences; and
- 19 (D) Establishing mechanisms and implementing
- 20 procedures for handling disputes and
- 21 investigating allegations of fraud and other



1 misappropriations of the small business
2 procurement program and its benefits to small
3 businesses; and
4 (7) Perform data collection and reporting, including:
5 (A) Establishing a system for collecting and
6 analyzing data on small business participation in
7 state contracts, including data on contract
8 awards aggregated by industry, agency, and
9 business demographic;
10 (B) Collecting data on existing and future small
11 business vendor disputes, problems, difficulties,
12 successes, recommendations, and any other metrics
13 deemed important to the program by the state
14 procurement office or legislature; and
15 (C) Producing an annual report of small business
16 participation data and metrics to be submitted to
17 the administrator of the state procurement
18 office."

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



1 "**§103D-902 Small business assistance.** [~~(a)~~] The policy
2 board shall adopt rules to assist small businesses in learning
3 how to do business with the State.

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

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

12 "SECTION 6. This Act shall take effect upon its approval;
13 provided that section 4 shall take effect on July 1, 2022~~[-]~~;
14 provided further that section 3 shall be repealed on January 1,
15 2525."

16 SECTION 5. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2026-2027 to
19 establish permanent full-time equivalent (FTE) small
20 business procurement coordinator position within the state
21 procurement office.



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

3 SECTION 6. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 7. This Act shall take effect on July 1, 3000;
6 provided that sections 2, 3, and 5 shall take effect on July 1,
7 2026.



Report Title:

SPO; Small Business Procurement Program; Small Business Procurement Coordinator; Small Business Assistance Initiative; Repeal; 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, effective 1/1/2525. Appropriates funds. Effective 7/1/3000.
(HD1)

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