
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 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 the 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, attempted to address this
3 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 to identify and resolve issues that must be
6 addressed to develop an effective small business state
7 contracting program 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 procurement
6 coordinator for the proper administration, enforcement, and
7 facilitation of this part. The appointment shall be made
8 without regard to chapter 76; provided that the coordinator
9 shall be eligible for participation in state employee benefit
10 plans. Notwithstanding section 76-16(b)(17), this exemption
11 from chapter 76 shall not expire.

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



1 enhance small business participation in state
2 contracts;

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

5 (A) Aggregating all small business resources and
6 materials from around the State and presenting
7 them in an easily accessible and understandable
8 online format for potential vendor participants;
9 and

10 (B) Coordinating with small business advocates in the
11 public and private sectors to create a small
12 business network that can be easily accessed by
13 all small businesses;

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



1 the administrator of the state procurement
2 office."

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 January 1,
19 2525."

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



1 much thereof as may be necessary for fiscal year 2026-2027 to
2 establish permanent full-time equivalent (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 on July 1, 2525;
10 provided that sections 2, 3, and 5 shall take effect on July 1,
11 2026.

12



S.B. NO. 2928
S.D. 1

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 7/1/2525. (SD1)

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