

Honolulu, Hawaii

FEB 19 , 2026

RE: H.B. No. 1607
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which was referred H.B. No. 1607 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to require purchasing agencies to apply a local preference to Hawaii businesses in evaluating bids or proposals.

Your Committee received testimony in support of this measure from the Hawai'i Technology Development Corporation; Department of Research and Development of the County of Hawai'i; Office of Economic Revitalization of the City and County of Honolulu; Economic Revitalization Commission of the City and County of Honolulu; Hawaii Food Industry Association; Holomua Collaborative; Kapolei Chamber of Commerce; Maui Chamber of Commerce; Title Guaranty of Hawai'i; HPM Building Supply; and two individuals. Your Committee received comments on this measure from the Department of the Attorney General and State Procurement Office.

Your Committee finds that local businesses often struggle to compete for state contracts due to high costs of doing business in Hawaii, reduced workforce capacity, and limited price competitiveness. Your Committee further finds that the State should develop policies establishing preferences for local



businesses in the contract bidding process to help level the playing field. Additionally, your Committee finds that establishing a permanent office and dedicated personnel to assist small businesses would ensure that these businesses have the support necessary to pursue contracting opportunities. Permanently establishing a Small Business Procurement Program and Small Business Procurement Coordinator position and requiring purchasing agencies to apply a local preference to Hawaii businesses when evaluating certain bids or proposals will help uplift small businesses in the State.

Accordingly, your Committee has amended this measure by:

- (1) Establishing the Small Business Procurement Program and Small Business Procurement Coordinator position;
- (2) Limiting the local preference to the evaluation of contracts awarded by competitive sealed bidding or competitive sealed proposals;
- (3) Clarifying that a Hawaii business is required to self-certify that it will maintain its headquarters in the State, rather than maintaining its principal place of business in the State, to qualify for a local preference;
- (4) Lowering the local preference qualification requirement that eighty percent of the labor in the performance of the contract be incurred from persons domiciled in the State to fifty-one percent;
- (5) Authorizing the Hawaii Small Business Procurement Coordinator to adopt further rules and establish policies related to self-certification;
- (6) Removing the tiered local preference percentage based on bid price and adding a single five percent preference for all contracts;
- (7) Establishing a Small Business Procurement Special Fund and requiring the Small Business Procurement Program to establish rules and policies, effective January 1, 2029, that require small businesses to commit to contributing



0.2 percent of state contract awards to the Special Fund;

- (8) Repealing the Small Business Assistance Initiative established in Act 168, Session Laws of Hawaii 2022;
- (9) Appropriating funds for the Small Business Procurement Coordinator position;
- (10) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1607, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1607, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,



GREGGOR ILAGAN, Chair



