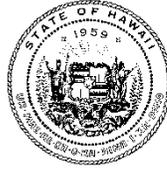


JOSH B. GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ADMINISTRATOR

DAYNA OMIYA
ASSISTANT ADMINISTRATOR

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state_procurement_office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
FEBRUARY 25, 2026, 10:56 AM

SENATE BILL 2075, SD1
RELATING TO PUBLIC PROCUREMENT

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2075, SD1.

The State Procurement Office (SPO) appreciates that the Senate Draft 1 of this bill incorporates our recommendations by limiting the local preference to Sections 103D-302, Competitive Sealed Bidding, and 103D-303, Competitive Sealed Proposals. The SPO also appreciates the replacement of the six-tier structure based on bid size with the application of a flat percentage of 5% for all qualifying bids and proposals under \$10 million, while applying no preference for bids and proposals over \$10 million.

Thank you for the opportunity to submit testimony on this measure.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELawe KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 24, 2026

TO: The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways & Means

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 2075 SD1 – RELATING TO PUBLIC PROCUREMENT.**

Hearing: February 25, 2026, 10:56 a.m.
Conference Room 221 & Video Conference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this bill, which will require purchasing agencies to apply a local preference to Hawaii businesses, and provides comments.

As DHS purchases services with federal funds that generally favor open competition, DHS appreciates provisions of the SD1 clarifying the application of the preference does not conflict with federal law, federal regulation, or condition for the allocation of federal funds to the procurement.

DHS also procures services with state funds, and respectfully requests an extended effective date to allow procurement staff time to be trained on the new requirements.

Thank you for the opportunity to provide testimony on this measure.



TESTIMONY IN SUPPORT OF SB2075 SD1
RELATING TO PUBLIC PROCUREMENT

Ke Kōmike ‘Aha Kenekoa o ke Ki‘ina Hana a me nā Kumuwaiwai
(Senate Committee on Ways and Means)

Ke Kapitala ‘o Hawai‘i
(Hawai‘i State Capitol)

February 25, 2026

10:56 AM

Room 211

Aloha e Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee on Ways and Means:

The Office of Hawaiian Affairs (OHA) supports **SB 2075 SD1** because applying a local preference in public procurement will strengthen Hawai‘i’s economy while expanding contract opportunities for Hawai‘i-based firms, including Native Hawaiian businesses that face persistent structural and capital constraints in building and scaling enterprises.

Native Hawaiian enterprises comprise a significant and growing segment of Hawai‘i’s economy, and strengthening local purchasing can help sustain these firms and their employees. A statewide issue brief on Native Hawaiian businesses reported that 11.1% of all Hawai‘i businesses were Native Hawaiian-owned (13,147 businesses), underscoring that Native Hawaiian businesses constitute a substantial share of the local market and workforce.¹ Creating a procurement environment that better retains public dollars in-state can therefore translate into greater stability and opportunity for Native Hawaiian-owned businesses that are already contributing to local employment and commerce.²

¹ Hawai‘i Island Native Hawaiian Chamber of Commerce et al., *Issue Brief: COVID-19 and Native Hawaiian Communities, Native Hawaiian Businesses* (May 2020) at 2, https://www.oha.org/wp-content/uploads/NH-Businesses-and-COVID_final_May2020.pdf

² *Ibid.*, 1–2 (describing the purpose of documenting impacts on Native Hawaiian-owned businesses and the resources needed to support survival).

Moreover, available data reflect that many Native Hawaiian entrepreneurs operate with comparatively low income and less buffer against economic shocks, conditions that can make access to reliable, fairly-structured public contracting opportunities especially consequential. DBEDT's report on Native Hawaiian entrepreneurs found that 26.6% of Native Hawaiian entrepreneurs reported very low annual income (\$0–\$9,700), compared to 18.0% for entrepreneurs overall.³ A predictable pipeline of public work, especially smaller contracts where preferences are strongest, can improve revenue stability and help build capacity for these businesses to grow and compete over time.⁴

For these reasons, OHA respectfully urges passage of **SB 2075 SD1**.

Mahalo nui for the opportunity to testify on this critical issue.

³ State of Hawai'i, Department of Business, Economic Development and Tourism, Hawai'i's Native Hawaiian Entrepreneurs (January 2021) at 10–11 (Table 10 and discussion), https://files.hawaii.gov/dbedt/economic/reports/Hawaii_Native_Hawaiian_Entrepreneurs.pdf

⁴ *Ibid.*, 11 (discussion connecting educational attainment and income disparities, and the importance of entrepreneurship to economic growth).

**Testimony to the Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair**

**Wednesday, February 25, 2026, at 10:56AM
Conference Room 211 & Videoconference**

RE: SB2075 SD1 Relating to Public Procurement

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 2075 SD1 (SB2075 SD1), which requires purchasing agencies to apply a local preference in evaluating bids or proposals from qualified Hawai'i bidders or offerors who submit a timely preference certification. Establishes criteria for a bid or proposal to qualify for a local preference. Establishes requirements for the qualification and certification of Hawai'i bidders and offerors. Authorizes the false or misleading actions for the obtaining or retaining of a Hawai'i bidder or offeror preference to constitute cause for debarment. Allows the Procurement Policy Board to adopt rules.

SB2075 SD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Small Business. This pillar supports policies that help Hawaii's small businesses access economic opportunity and improve their competitiveness. Local businesses struggle to be cost competitive against outside business due to our high cost of doing business and geographic isolation. This bill promotes policies local business development by allowing them modest preference when evaluating bids. This provision promotes equity within the Hawaii's economic landscape, offering local businesses an advantage that is not otherwise afforded to them, due to the high-cost pressures resultant from Hawaii's economic context. The state stands as a powerful agent in Hawaii's economic landscape. Giving preference towards local businesses will help keep taxpayer dollars circulating in the state, creating more local wealth and improving workforce opportunities.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass Senate Bill 2075 SD1. Thank you for the opportunity to testify.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 25, 2026

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 2075, SD1
RELATING TO PUBLIC PROCUREMENT

Conference Room 211 & Videoconference
10:56 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 2075, SD1, which strengthens the State's local preference framework by clarifying eligibility for Hawai'i businesses and establishing a tiered approach to applying local preference in state procurement. The bill also includes accountability provisions to ensure that businesses receiving a local preference continue to meet the required criteria.

HFB recognizes that agriculture already benefits from existing local preference provisions in the State Procurement Code, and we appreciate efforts to strengthen and modernize local procurement policies that support Hawai'i businesses and local economic activity.

From an agricultural perspective, SB 2075, SD1 may provide additional opportunities for value-added agricultural products and ag-based businesses that do not always fit neatly within existing procurement categories. These include locally processed foods made from Hawai'i-grown crops, value-added livestock products, floriculture and nursery products, and other goods derived from local agricultural production. Strengthening local preference policies can help keep more procurement dollars circulating within Hawai'i's agricultural value chain.

HFB also notes that many agricultural businesses operate as small enterprises, cooperatives, or processing operations that aggregate products from multiple farmers. Clear and workable local preference policies can improve access to state procurement opportunities for these businesses while supporting farmers and ranchers upstream.

As SB 2075, SD1 moves forward, HFB encourages the Legislature to ensure that existing agricultural preferences are preserved and that any changes to procurement policy remain practical, flexible, and administratively workable for both agencies and local producers.

Thank you for the opportunity to provide testimony.



holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

BOARD MEMBERS

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Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
Brad Nicolai
Mike Pietsch
Sunshine Topping

ADVISORY COMMITTEE

Josh Feldman
Brittany Heyd
Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

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HolomuaCollaborative.org

Page 1 of 1

Committee: Senate Committee on Ways and Means
Bill Number: SB 2075 SD1, Relating to Public Procurement
Hearing Date and Time: February 25, 2026 at 10:56am (Room 211)
Re: Testimony of Holomua Collaborative- Support

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

We write in support of Senate Bill 2075 SD1, Relating to Public Procurement. The purpose of SB 2075 SD1 is to help local businesses thrive by enabling them to compete for bids and proposals from government purchasing agencies.

Holomua supports initiatives that help keep all local working families in Hawai'i by addressing affordability challenges. For Hawai'i to be affordable for local working families, we need to ensure that our local business community has the opportunities to expand and succeed in an uncertain economy. *Only 19% of respondents in a recent survey of 3200 local residents agree that "Hawai'i is a good place to do business."* This statement also shows a high percentage of disagreement, with 44 percent *disagreeing* that Hawai'i is a good place to do business. And 9 out of 10 respondents agree that Hawai'i needs to recruit and retain critical workforce members.¹

One way to improve the business climate in Hawai'i is to increase opportunities for our local businesses to compete for and receive government bids and proposals through procurement.

The higher costs of doing business in a small, physically isolated state with a limited local workforce and fewer options to offer competitive prices for goods and services disadvantage our local businesses when competing for State and County contracts. Providing procurement preferences for Hawai'i businesses will help stimulate our economy and lift our workforce.

We ask that you support SB 2075 SD1.

Sincerely,

Matthew Prellberg
Policy and Communications Director

¹ 2025 Affordability Survey, Holomua Collective. www.holomuacollective.org/survey-25.



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info@hawaiiifood.com

Executive Officers

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Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Advisor*
Maile Miyashiro, C&S Wholesale, *Immediate Past Chair*

TO: Committee on Ways and Means
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 25, 2026

TIME: 10:56am

RE: SB2075 SD1 Relating to Public Procurement

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA has proudly produced the Made in Hawaii Festival for over 30 years! We know the value of locally made products.

Supporting local manufacturing is a vital step to diversifying our economy and making our state stronger, more resilient, and more self-sufficient. Supporting local businesses strengthens the State's economy by creating more local jobs, increasing local workforce and business capacity, and enhancing economic and environmental sustainability.

State level purchasing is a powerful tool to help support local businesses and create opportunities for in-state manufacturing of goods and products that we use and need here in Hawaii.

We encourage the Committee to pass this measure and we thank you for the opportunity to testify.

February 25, 2026

Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Wednesday, February 25, 2026, 10:56 a.m.
Conference Room #211 and via video conference



RE: SB 2075 SD1 Relating to Public Procurement

Dear Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānakūli, Wai'anae and Mākaha. We work on behalf of our members and the broader business community to improve the regional and State economic climate and to help West O'ahu businesses thrive.

The Kapolei Chamber of Commerce **strongly supports SB 2075 SD1**, which would require purchasing agencies to apply a local preference when evaluating bids or proposals from qualified Hawai'i bidders and offerors who submit a timely preference certification. The measure establishes clear criteria for eligibility, sets requirements for the qualification and certification of Hawai'i bidders and offerors, authorizes false or misleading actions to obtain or retain a preference to constitute cause for debarment, and allows the Procurement Policy Board to adopt rules to implement the program.

Supporting locally owned businesses, particularly small businesses in West O'ahu, is one of the Kapolei Chamber's key priorities. Many West O'ahu businesses face higher operating costs and capacity constraints when competing for state and county contracts, despite being locally founded, locally staffed, and deeply invested in their communities. A structured local preference helps provide these businesses with a fair and meaningful opportunity to compete.

This measure also supports Made-in-Hawai'i products and services and helps ensure that public procurement dollars remain in the local economy.

When state funds are spent with Hawai'i-based businesses, those dollars are more likely to support local jobs, strengthen small business retention, and contribute to long-term economic stability in communities.

Importantly, SB 2075 SD1 balances economic opportunity with fiscal responsibility. The local preference is applied for evaluation purposes only and does not change the final contract award price, preserving price transparency and budget predictability. Clear qualification and certification standards also promote consistency in procurement and help reduce administrative burdens, bid disputes, and delays. While local preferences may result in modest cost differences in some cases, those costs are offset by increased local employment, stronger small businesses, and the long-term economic benefits of keeping public dollars circulating within Hawai'i's workforce and economy.

By strengthening local businesses and keeping procurement dollars in Hawai'i, SB 2075 SD1 improves the long-term return on the State's investment without compromising fiscal oversight.

For these reasons, the Kapolei Chamber of Commerce **strongly supports SB 2075 SD1** and respectfully urges the Committee to pass this measure.

Thank you for the opportunity to provide testimony.

Respectfully,

Kiran Polk
Executive Director & CEO

SB-2075-SD-1

Submitted on: 2/23/2026 5:24:09 PM

Testimony for WAM on 2/25/2026 10:56:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry,

Comment: What is the definition of a small business? Hawaii bidders born in the 808? Local address of small business for 10 years.

2075 SB RELATING TO PUBLIC PROCUREMENT.

SB-2075-SD-1

Submitted on: 2/23/2026 7:06:33 PM

Testimony for WAM on 2/25/2026 10:56:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT!!!



February 25, 2026

Committee: Senate Committee on Ways and Means
Bill Number: SB2075 SD1, Relating to Public Procurement
Hearing Date and Time: February 25, 2026, 10:56am
Re: Testimony of HPM Building Supply in Support

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

HPM Building Supply submits this testimony in strong support of Senate Bill 2075 SD1, Relating to Public Procurement. SB2075 SD1 represents a practical and effective approach to economic development by prioritizing local businesses in State purchasing decisions.

HPM Building Supply is a 100% employee-owned company serving Hawai'i's home improvement market and building industry for over 100 years since 1921. With 18 locations across Hawai'i and Washington State, HPM offers various services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities.

Hawai'i's economy is at a crossroads. As the cost of living continues to rise and businesses face mounting challenges, we must take action to keep our local economy diverse and sustainable. When procurement policies favor local companies, the benefits extend well beyond individual contracts. Local procurement supports skilled trades, manufacturing, transportation, and professional services, while ensuring that capital circulates within the local economy rather than leaving the state.

As an employee-owned company, HPM directly connects business success to employee well-being. Procurement policies that support local businesses translate into stable jobs, career advancement, and community reinvestment. These outcomes are central to sustainable economic development.

HPM Building Supply respectfully urges the Committee to pass SB2075 SD1 and advance policies that strengthen Hawai'i's economy from the ground up.

Sincerely,

Jason Fujimoto
Chairman & CEO





Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

SB2075 SD1, Relating to Public Procurement

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

We support SB2075 SD1, which requires government purchasers to apply a local preference for Hawai'i businesses bidding for public procurement.

Mana Up is a statewide initiative that helps provide entrepreneurs in Hawai'i with the resources and tools to grow their business and scale globally. As these entrepreneurs continue to grow, they also help contribute to our expanding our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship – providing a better future for generations to come here in Hawai'i.

For a Hawaii-based company to "scale globally," it first needs a stable foundation at home. One of the largest and most reliable "anchor clients" can be the State and Counties. By establishing a tiered procurement preference, SB2075 SD1 allows our local entrepreneurs to compete for the very contracts that provide the capital and experience necessary to eventually export Hawaii's innovation to the world.

We live in a time of economic uncertainty and a cost-of-living so high that many local working families are moving away from Hawai'i. If we continue to let out-of-state entities undercut our local innovators by thin margins, we are essentially exporting our economic potential. SB2075 SD1 is an investment in our 'ohana who are currently looking for a reason to stay. Let's give them—and our local entrepreneurs—the opportunity to build that future here.

We ask that you support SB2075 SD1.

Sincerely,

Meli James | Cofounder, Mana Up
Brittany Heyd | Cofounder, Mana Up



TITLE GUARANTY
HAWAII

February 25, 2026

Testimony in support of SB2075 SD1, Relating to Public Procurement

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

Title Guaranty of Hawai'i respectfully submits testimony in strong support of Senate Bill 2075 SD1, Relating to Public Procurement. SB2075 SD1 supports local economic development by ensuring that Hawai'i-based businesses receive fair consideration when State agencies evaluate bids and proposals.

Title Guaranty of Hawai'i is the oldest and largest title company in the State, but at our core, we remain a locally rooted, family-owned business. Since 1896, we have been owned and operated by a kama'āina family, growing steadily alongside Hawai'i's communities. Today, we employ more than 250 local residents across the islands, many of whom have built long-term careers with our company.

When State contracts are awarded to local companies, the benefits ripple outward to many other small businesses that provide professional services, technology, maintenance, and support. Local procurement keeps dollars circulating within the community and helps sustain the small business networks that form the backbone of Hawai'i's economy.

SB2075 SD1 recognizes that procurement policy can either strengthen or weaken local business ecosystems. Applying a local preference helps ensure that Hawai'i businesses, particularly those deeply invested in their communities, can compete on a more level playing field. This approach supports job stability, workforce retention, and the long-term viability of locally owned companies.

For these reasons, Title Guaranty of Hawai'i strongly urges the Committee to pass SB2075 SD1 and support policies that allow local businesses and the communities they serve to thrive together.

Mahalo for the opportunity to testify.
Sincerely,

Mike B. Pietsch
President and Chief Operating Officer
Title Guaranty of Hawai'i





Testimony in Support of SB2075 SD1, Relating to Public Procurement

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

aio respectfully submits testimony in strong support of Senate Bill 2075 SD1, Relating to Public Procurement. SB2075 SD1 advances economic development by leveraging State purchasing power to support Hawai'i-based businesses and local employment.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products and services, we work hard to make Hawai'i a better place for future generations.

By prioritizing local businesses in State procurement, SB2075 SD1 helps ensure that public dollars remain in Hawai'i through local jobs, supplier relationships, and reinvestment in the community. This approach strengthens in-state capacity, supports workforce stability, and promotes long-term economic resilience. We urge the Committee to pass SB2075 SD1 and align procurement policy with Hawai'i's economic and community priorities.

Mahalo for the opportunity to submit testimony.

A handwritten signature in black ink that reads "Brandon H. Kurisu".

Brandon Kurisu
aio Family of Companies



ECONOMIC REVITALIZATION COMMISSION
KOMIKINA HO'OMOHALA WAIWAI
CITY AND COUNTY OF HONOLULU

711 Kapi'olani Boulevard, FLOOR 12 • HONOLULU, HAWAII 96813
PHONE: (808) 768-5764 • FAX: (808) 768-4242 • WEBSITE: revitalizeoahu.org



TESTIMONY
OF
THE ECONOMIC REVITALIZATION COMMISSION
OF THE CITY AND COUNTY OF HONOLULU
TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
February 25, 2026, 10:56 a.m.
SENATE BILL 2075, SD1
RELATING TO PUBLIC PROCUREMENT

The Economic Revitalization Commission (the “OER Commission”) of the City and County of Honolulu **strongly supports SB2075, SD1** (“SD1”), subject to the comments and suggestions noted below. I am submitting this testimony on behalf of the OER Commission as a Commissioner and Chair of the Permitted Action Group that was created by the OER Commission to explore a local procurement initiative. I was involved in the research and drafting of the original SB2075.

I applaud the efforts of Senate members, the Attorney General’s Office, and the State Procurement Office, and others working behind the scene, to update the original SB2075 to its current form, making very helpful technical and conforming changes, and providing greater protections for the State. I believe that this draft is workable, with some clarifying changes and

possible adjustments. But, overall, SD1 represents a draft that I believe will accomplish the intent of supporting Hawaii contractors and building capacity.

With that foundation, please consider the following comments and suggestion:

1. A flat 5% discount would be a meaningful discount, and have major impacts. The original SB2075 had 5 tiers of discount, from 2% to 10% depending on the size of the contract, up to \$10 million contracts. In earlier comments I had suggested considering two tiers of discount, starting at 10% for smaller contracts under \$5 million, then dropping to 5% for larger contracts up to \$10 million. The reason is to try to give a boost to small business, which would be less costly to purchasing agencies because of the contract size. Having two versus five tiers would significantly reduce the administration of the discounts, while proving greater incentive to small business bidding on smaller contracts.
2. The definition of a Hawaii business was changed to “fifty-one percent of the total direct labor hours required for performance of the contract will be performed in the State.” The original bill had an 80% requirement, based on hours and expenses. I realize there may be constitutional reasons for this change, but I wonder if this is the best we can do for Hawaii. I note that HRS 103D-1013, on which original SB2075 was based, uses the 80% definition with respect to Hawaii accounting firms, based on both time and expenses. Lowering the percentage would allow more employment and expenditures out of State, and only relying on labor hour would allow a bidder to locate the low paying jobs in Hawaii, and keep the high paying jobs out of State.
3. 103D-302 refers to “responsible and responsive bidder”, and 103D-303 refers to “responsible offeror” but I did not see definitions of these terms. Perhaps I missed them or they are defined in other sections, but I would think it important to have some precision around these terms.
4. SD1 states that the preference does not apply as between two Hawaii bidders, and only applies when a Hawaii bidder competes against a non-Hawaii bidder. It seems to me that this result would be true anyway . . . the winning bid when there are two Hawaii bidders would go to the same contractor whether or not the discount is applied. Also, what if there are more than two Hawaii bidders, or both Hawaii and non-Hawaii bidders. I think the application of the language may be uncertain in these cases. If the language does not have a real substantive effect, I worry about unintended consequences, as a court will try to give it meaning. For example, could a non-Hawaii bidder use the language to void the discount for Hawaii bidders? I understand the intent, but my question is under what circumstance will it make a difference? If none, I wonder if we need the language.
5. A “person” is defined as including “an agency, corporation, and other business entity.” This seems to exclude contractors who operate a sole proprietors. I would

imagine most have legal entities, but it seems to me sole proprietors should not be excluded.

SB2075, SD1 Would Boost Local Small Business

The core elements of SD1 are consistent with the letter and intent of the original version of SB2075, in that it would offer a meaningful discount for bidding purposes to Hawaii contractors, and would be a big win for the Hawaii community. SD1 would amend the Hawaii public procurement code to provide for reasonable preferences to Hawaii vendors in bidding for contracts from the purchasing agencies of the State and counties. It would provide for a local preference that will help level the playing field for Hawaii contractors who are capable to providing the goods or services as a competitive price, while maintaining a competitive bidding environment. When Hawaii contractors have the ability to bid on larger contracts, they should be competitive without a preference, which would be more costly to Hawaii taxpayers. While there may be a modest increase in the costs for bid contracts as a result of the local preference, those costs will be offset by increases in State and county revenues from the additional business activity, from the creation of additional work and employment for Hawaii people, and from the building of sustainable economies in the State.

SB2075 would strike a balance between the need for competitive bidding, and the need to support local businesses build capacity and achieve financial stability and growth. It would offer a sliding scale of discounts to local contractors, declining as the size of the contracts grows up to \$10 million. Contracts over that amount would not be offered a local preference. Contractors who are able to bid and perform contracts over \$10 million should have developed sufficient capacity to compete without a local preference, and do not need the training wheels of a local preference. This approach would place emphasis on smaller contracts and capacity building, with the goal of growing Hawaii businesses that can effectively compete on their own.

In addition, the definition of a Hawaii business in SD1 is designed to support local contractors who employ local residents to perform the contracts. This will ensure that contracts are awarded to contractors who hire local employees, thereby increasing capacity and expertise in our State, and at the same time generating revenues and spending in the State of Hawaii, which otherwise would be flowing to contractors and employees outside of our State. It allows mainland companies to form Hawaii businesses and benefit from the local preference, so long as it meets the local employment requirements.

The proposed preferences would help local businesses obtain contract awards, but they must still be qualified to do the work. This will promote local self-reliance. If they are not qualified according the terms of the particular bid, they will not win the contract.

About the OER Commission

The OER Commission works side-by-side with the Office of Economic Revitalization ("OER") to make O'ahu a good place to do business. The OER Commission supports OER's efforts to diversify the economy through job training and funds for targeted industry sectors

like healthcare, technology, skilled trades, clean energy and creative industries. The OER Commission supports OER's efforts to leverage partnerships, federal dollars, and other opportunities to address economic challenges on O'ahu.

OER was in July 2020 organized to provide leadership, information, and resources for O'ahu's economic revitalization. The Honolulu City Council formally established the Office of Economic Revitalization in the City Charter shortly thereafter on October 7, 2020. As required in the OER Charter language, the City created the OER Commission with nine members, charged with advising OER through a strategic economic development plan and meeting at least quarterly.

**OFFICE OF ECONOMIC REVITALIZATION
KE KE'ENA HO'OMOHALA WAIWAI
CITY AND COUNTY OF HONOLULU**

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RICK BLANGIARDI
MAYOR
MEIA



AMY ASSELBAYE
EXECUTIVE DIRECTOR
PO'O HO'OKO

DEBORAH ZYSMAN
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February 25, 2026

The Honorable Donovan Dela Cruz, Chair,
The Honorable Sharon Moriwaki, Vice-Chair
and Members of the Committee on Ways and Means
The Senate
415 South Beretania Street, Room 211
Honolulu, Hawaii'i 96813

SUBJECT: Honolulu Office of Economic Revitalization Support for Senate Bill 2075 SD1
Relating to Public Procurement

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, and members of the Committee:

The Office of Economic Revitalization offers testimony in **support of SB 2075 SD1** which would require state and county purchasing agencies to apply a local preference when evaluating bids or proposals from Hawai'i-based businesses. This policy leverages government procurement as a strategic tool to strengthen our local economy, increase employment, and reinvest taxpayer funds back into Hawai'i communities. We believe strongly that buying local is smart economic policy.

Research and practice indicate that procurement policies prioritizing local businesses are widely used and supported as effective economic development strategies. To further outline our support, we would like to highlight the following public benefits that would be garnered from this legislation:

- 1. Keep Money Circulating Locally.** Studies demonstrate that dollars spent with local businesses generate a disproportionate economic benefit for the community compared with spending outside the local economy.
- 2. Public Procurement as Economic Development.** Academic and policy research¹ underscores government procurement's role as an economic development instrument. Local procurement increases revenues for local firms, stimulates job growth, and strengthens local supply chains — benefits

1 Abutabenjeh, S., Gordon, S., & Mengistu, B. (2018). *The impacts of in-state procurement preference policies on the economy of South Carolina*. *Journal of Public Procurement*, 18(3), 240–256

that extend beyond the initial contract through wages and re-spending in the local economy.

3. Long-Term Economic Gains. While a local preference may result in slightly higher unit prices, these costs are offset by increases in local employment, tax revenue, and economic circulation. Dollars retained locally improve household incomes, increase spending power, and ultimately broaden the state's tax base.

4. Stronger Local Supply Chains and Resilience. Local sourcing can reduce vulnerability to global supply shocks and transportation delays, and enhance responsiveness for state and county contracting needs.

5. National Practice. Local preference policies are not novel or out of step with national practice. Numerous state and local governments in the United States employ resident preference or similar local content provisions in public procurement as a recognized tool to support local business and employment. The National Association of State Procurement Officials maintains a detailed repository of the various state policies (www.naspo.org).

To the extent the proposed procurement policy would be prohibited by the receipt and use of federal funds, the policy should allow for exceptions.

For these reasons, the Office of Economic Revitalization urges **the Committee to support SB 2075 SD1**. This legislation represents sound, strategic economic policy that will benefit the State's economy and its people. Thank you for your consideration.

Should there be any questions, please contact the Office of Economic Revitalization's Deputy Director Deborah Zysman at (808) 768-3893 or via email at deborah.zysman@honolulu.gov.

Sincerely,

Amy Asselbaye
Executive Director