



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

May 20, 2008

EXECUTIVE MEMORANDUM

MEMO NO. 08-02

TO: Executive Department Heads

SUBJECT: Small Business Practices

Effective immediately, I am requiring that all State Departments help the economy by promoting the growth and development of small businesses. In particular, I am requiring that no less than 20% of State contracts be procured by either creating set-asides for small businesses in contracts suitable for performance by small businesses or by requiring the use of small businesses as subcontractors on large contracts. This will help the economy, help small business, and help move the State towards the sustainable future we need to achieve for ourselves and our keiki. This directive uses the authority under the procurement code, which states the following:

[§103D-906] Preference for small businesses; set-asides; use as subcontractors. The policy board shall adopt rules to promote the growth and development of small businesses that shall include:

- (1) Set-asides for small businesses in appropriate classifications of requirements suitable to performance by small businesses; and
- (2) Criteria designed to encourage the use of small businesses as subcontractors on large contracts.

In implementing these preferences, Department Heads should follow interim rules specified in the Hawaii Administrative Rules Chapter 3-124-73. Department Heads should further use the procedures and clauses specified in Hawaii Administrative Rules, Chapter 3-124-74.

Questions pertaining to criteria for creating set asides and subcontracting requirements should be referred to the Department of Business Economic Development and Tourism.

I am requesting each Executive Branch agency to provide a report to me on December 15, 2008 identifying total contracts let and the amounts awarded to small businesses under the set aside provisions.

LINDA LINGLE