



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

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July 9, 2026

PROCUREMENT CIRCULAR NO. 2027-01

TO: Office of the Governor, Chief Operating Officer
Office of the Lieutenant Governor, Chief of Staff
Executive Department Heads
Hawaii State Public Library System, State Librarian

CC: Administrative Services Offices

FROM: Bonnie Kahakui, Administrator *Bonnie A. Kahakui*

SUBJECT: Guidance on Act 087, SLH 2026 - Hawaii Bidder and Offeror Preference

The purpose of this Circular is to 1) explain the statutory requirement governing Hawaii bidders and offerors preference provisions and 2) provide guidance to procuring agencies regarding the implementation and application of the provisions.

Act 087, SLH 2026, was enacted to promote in-state economic participation while preserving fairness, transparency, and fiscal responsibility in the procurement process. All new solicitations released on or after July 1, 2026, conducted under §103D-302, HRS, *Competitive Sealed Bidding*, and §103D-303, *Competitive Sealed Proposals*, shall include language providing Hawaii bidders and offerors a five per cent (5%) preference.

The following guidelines shall apply:

Procuring Agency

- The preference shall only apply when the total bid or proposal is less than \$10,000,000.
- The total preference amount shall not exceed \$500,000.
- The application of the preference does not conflict with federal law or regulation or a condition for the allocation of federal funds.
- The preference applies only when at least one qualified bidder/offeror competes against at least one bidder/offeror that does not qualify for the preference. The preference is not applied when all bidders/offerors qualify for the Hawaii preference and shall not be used to create an advantage between qualified Hawaii bidders/offerors.
- The five per cent (5%) preference reduction is only for evaluation purposes and not a reduction in price. The award of the contract shall be at the original bid/proposal price and not at the reduced evaluated price.

- Before an award is made to a bidder/offeror receiving the preference, the procurement officer shall verify the bidder/offeror satisfies all the eligibility requirements and shall give the bidder/offeror reasonable time to cure any deficiency.

Bidder/Offeror:

- A bidder/offeror shall certify, under penalty of perjury (see Form SPO-081) that:
 - Not less than fifty-one (51) per cent of the total direct labor hours required for the performance of the contract will be performed within the state.
 - The bidder/offeror shall maintain the qualification as a Hawaii bidder/offer throughout the contract performance.
- Failure to maintain qualification as a Hawaii bidder/offeror shall subject the contract price adjustment equal to the value of the preference applied and may constitute cause for debarment.

Recommended Solicitation Language

Preferences:

In accordance with HRS §103D-302 (or HRS §103D-303), the Hawaii bidder (or offeror) preference is applicable to this solicitation, for evaluation purposes only. Bidders (or offerors) desiring to qualify for the five per cent (5%) preference shall submit a completed Hawaii Bidder/Offeror Preference Certification Form (Form SPO-081) with each bid (or proposal) at or before the time set for receipt of bids (or proposals). Certifications submitted for previous or other solicitations will not be accepted.

Questions concerning this Procurement Circular may be directed to Stacey Kauleinamoku-Murakami at (808) 586-0571 or email stacey.l.kauleinamoku@hawaii.gov, or you may contact me at (808) 587-4701 or email bonnie.a.kahakui@hawaii.gov.

Mahalo.

Attachment (Form SPO-081)

C: Chief Procurement Officers (CPOs):

Department of Education, Superintendent
University of Hawaii, Chief Financial Officer
Office of Hawaiian Affairs, Chairperson of the Board
Hawaii Health Systems Corporation, Chief Executive Officer
Judiciary, Administrative Director of the Courts
Senate, President
House of Representatives, Speaker
School Facilities Authority, Executive Director

Counties of Hawaii, Kauai, and Maui, and City & County of Honolulu
Executive Branch, Finance Director
Legislative Branch, City/County Council Chair
Board/Departments of Water Supply, Manager/Chief Engineer
Honolulu Authority for Rapid Transportation, Executive Director



STATE OF HAWAII
Hawaii Bidder/Offeror
Preference Certification Form
(As Defined in HRS103D-1001)

I, _____, _____ of
(Authorized Officer's Name) (Office or Position Held)

_____, certify the following:
(Name of Bidder/Offeror)

- (1) That the Bidder/Offeror holds a valid commercial place of business located in the State of Hawaii at the following address:

and that the above-named office was opened on the following date: _____,

and has been staffed by the Bidder/Offeror or an employee of the Bidder/Offeror for not less than two (2) consecutive years immediately preceding the time and date set for the opening of bids or receipt of proposals;

- (2) That the bid or proposal in response to IFB/RFP No. _____, is submitted under the name under which the Bidder/Offeror is authorized to do business in the State;
- (3) That not less than fifty-one percent (51%) of the total direct labor hours required for performance of the contract will be performed within the State; and
- (4) If the Bidder/Offeror is a joint venture, the Bidder/Offeror is composed entirely of parties meeting the requirements of paragraphs (1), (2), and (3).

I certify under penalty of perjury that the above statements are true. I agree to maintain the above qualifications throughout contract performance; any changes in eligibility shall be reported to the Contract Administrator or purchasing agency's contact person identified in the RFP/IFB. I acknowledge that failure to maintain the above qualifications triggers a price adjustment equal to the value of the preference applied and may constitute cause for debarment under HRS §103D-702.

Signature of Authorized Officer

Print Name and Title

Date