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Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 718
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committees on Water, Land, Agriculture, and Hawaiian Affairs and Tourism and Government Operations, to which was referred S.B. No. 718 entitled:

"A BILL FOR AN ACT RELATING TO THE PROCUREMENT CODE,"

beg leave to report as follows:

The purpose of this measure is to support the floriculture industry in Hawaii by encouraging the purchase of flower lei made only with flowers grown in Hawaii.

More specifically, this measure adds a new section to the State Procurement Code under chapter 103D, Hawaii Revised Statutes, to provide incentives for state agencies to award contracts to the lowest responsible and responsive bidder with preferences given to flower lei made only with flowers grown in Hawaii.

Testimony in support of this measure was submitted by the Department of Agriculture, the Department of Accounting and General Services, the State Procurement Office, the Hawaii Farm Bureau Federation, the Maui County Farm Bureau, Green Point Nurseries, the Maui Flower Growers Association, Paradise Flower Farms, and a private individual.

Hawaii is known for its beautiful flowers and lei. It is common for a lei to given to someone for a special occasion or as a symbolic gesture of aloha. Ironically, these lei are often times made with flowers that are imported from a foreign county



where they are grown at a fraction of the cost of locally grown flowers and lei. Hawaii floricultural producers are faced with high labor costs, land values, and transportation costs, which makes it difficult for local floriculture producers to compete with foreign floricultural competitors. Your Committees find that state agencies should assist in promoting and maintaining Hawaii's floricultural industry by providing a preference within the State Procurement Code for floricultural products raised or grown in Hawaii.

The State Procurement Office presented testimony in support of this measure with suggested amendments for the intent of this measure to be properly reflected in and consistent with the State Procurement Code. The State Procurement Office indicated to your Committees that the definition for "Hawaii products" under section 103D-1001, Hawaii Revised Statutes, includes and applies to Hawaii-grown flowers. Thus, the Hawaii product preference provisions under section 103D-1002, Hawaii Revised Statutes, also apply to Hawaii-grown flowers. The State Procurement Office, however, pointed out that flower lei are considered small purchases and are currently not included within the scope of the State Procurement Code. The Office indicated that it will need to adopt rules to establish a floricultural product program to address the intent of this measure, which the Office is authorized to do under section 103D-1002, Hawaii Revised Statutes.

Accordingly, your Committees have amended this measure by:

- (1) Adopting the suggested amendments from the State Procurement Office by deleting section 1 of this measure and replacing it with language that amends section 103D-1002, Hawaii Revised Statutes, by adding a new subsection for the purpose of encouraging the purchase and use of Hawaii grown flowers by requiring the Department of Agriculture, with the assistance of the State Procurement Office, to develop a Hawaii floriculture program; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committees believe that the amendments made to this measure fulfill the intent of this measure, which is to promote and protect Hawaii's floricultural industry.

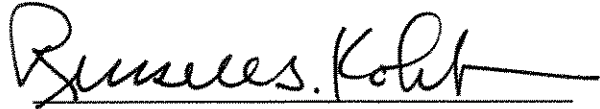


As affirmed by the records of votes of the members of your Committees on Water, Land, Agriculture, and Hawaiian Affairs and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 718, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 718, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Water, Land,
Agriculture, and Hawaiian
Affairs and Tourism and
Government Operations,



CLARENCE K. NISHIHARA, Chair



RUSSELL S. KOKUBUN, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

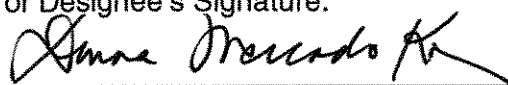
Record of Votes
Committee on Water, Land, Agriculture and Hawaiian Affairs
WAH

Bill / Resolution No.:* SB 718	Committee Referral: WAH/TSG, WAM	Date: Jan. 31, 2007		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	X			
TOKUDA, Jill N. (VC)	X			
FUKUNAGA, Carol				X
HEE, Clayton	X			
SLOM, Sam	X			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes

The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Tourism and Government Operations
TSG

Bill / Resolution No.:*	Committee Referral:	Date:		
SB718	WAH/TSG, WAM	1-31-07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
KIM, Donna Mercado (VC)	✓			
TSUTSUI, Shan S.	✓			
TRIMBLE, Gordon			✓	
TOTAL	3		1	
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency		

*Only one measure per Record of Votes