

STAND. COM. REP. NO. 232

Honolulu, Hawaii

Feb 13, 2009

RE: H.B. No. 988

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committees on Economic Revitalization, Business, & Military Affairs and Agriculture, to which was referred H.B. No. 988 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

beg leave to report as follows:

The purpose of this bill is to further the State's efforts toward self-sufficiency by amending the Hawaii Procurement Code to make it more likely that agricultural products procured by government agencies will be products grown within the state. Among other things, this bill:

- (1) Removes exemptions for certain agricultural products from the Hawaii Procurement Code that were established under the Hawaii Administrative Rules;
- (2) Allows persons submitting bids or proposals to self-certify that their product meets minimum specifications to receive a preference as a Hawaii product and provides sanctions for the failure to meet minimum specifications;
- (3) Amends the definition of "Hawaii products" to be those in which the cost of the product attributable to labor, production, or other expenses arising in the state, exceeds 50, as opposed to 25 percent of the product's cost;



- (4) Consolidates class II and III Hawaii products under the category of class I products and defines class I as products where the value of Hawaii input into the product exceeds 50 percent of the total product cost;
- (5) Defines class II products as any agricultural, aquacultural, horticultural, silvicultural, floricultural, or livestock product raised, grown, or harvested in the state; and
- (6) Provides that the preference to be applied to a bid or proposal for class I Hawaii products is a ten percent decrease in the bid or proposal, and a 15 percent decrease for class II Hawaii products.


The Hawaii Farm Bureau Federation and Kona County Farm Bureau, supported this bill. The Department of Agriculture (DOA) opposed this measure. The State Procurement Office did not support the bill.

Your Committees heard testimony that repealing the exemption for food and fodder for animals would adversely impact DOA's ability to operate its Animal Quarantine Station and Airport Animal Quarantine Holding Facility. Upon further consideration, your Committees have amended this bill by reinstating the exemption for food and fodder for animals in the Hawaii Administrative Rules. Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Economic Revitalization, Business, & Military Affairs and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 988, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 988, H.D. 1, and be referred to the Committee on Judiciary.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Revitalization, Business, &
Military Affairs and
Agriculture,



CLIFT TSUJI, Chair



ANGUS L.K. MCKELVEY, Chair



