

Honolulu, Hawaii

March, 2009

RE: H.B. No. 988
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 988, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs 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;
- (3) Provides for the voiding of a contract and referral of an offeror for debarment or suspension proceedings for failure to comply with Hawaii product preference requirements;
- (4) 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;

- (5) 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;
- (6) Defines class II products as any agricultural, aquacultural, horticultural, silvicultural, floricultural, or livestock product raised, grown, or harvested in the state; and
- (7) 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 Department of Agriculture and Hawaii Farm Bureau Federation supported this bill.

Your Committee has amended this bill by:

- (1) Changing its effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 988, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 988, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



