

STAND. COM. REP. NO. 1182

Honolulu, Hawaii

March 25, 2009

RE: S.B. No. 506
S.D. 1
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 S.B. No. 506, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

beg leave to report as follows:

The purpose of this bill is to encourage agricultural self-sufficiency and strengthen the Hawaii products preference in the Hawaii State Procurement Code (Procurement Code) by:

- (1) Allowing persons submitting bids or proposals to self-certify that their product meets minimum specifications to receive a preference as a Hawaii product;
- (2) Providing 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;
- (3) Amending 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) Consolidating 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) Defining class II products as any agricultural, aquacultural, horticultural, silvicultural, floricultural, or livestock product raised, grown, or harvested in the state; and
- (6) Providing 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 commented on this bill.

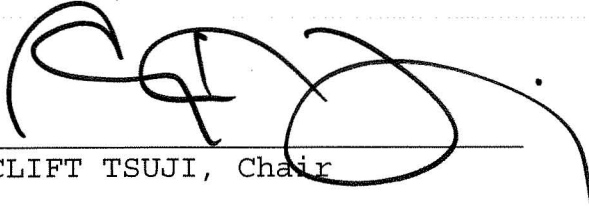
Your Committees have amended this bill by replacing its substance with that of H.B. No. 988, H.D. 2. As amended, this bill reflects the House position on this subject and differs from the Senate Draft in that it:

- (1) Amends the Hawaii Administrative Rules to remove exemptions for certain agricultural products from the Procurement Code;
- (2) Adds to the list of causes for debarment or suspension under the Procurement Code, the failure to adequately verify, deliver, or supply Hawaii products;
- (3) Does not define "Hawaii component," or amend the definition of "products;"
- (4) Becomes effective on July 1, 2020; and
- (5) Contains technical, nonsubstantive differences.

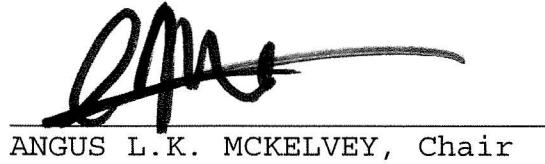
As affirmed by the records of votes of the members of your Committees on Economic Revitalization, Business, & Military Affairs and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 506, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 506, S.D. 1, H.D. 1, and be referred to the Committee on Finance.



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



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 1182

Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: SD1 SB 506 SSCR 471	Committee Referral: EBM / AGR	Date: 3/19/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. BERG, Lyla B.				✓
4. EVANS, Cindy	✓			
5. MANAHAN, Joey	✓			
6. TAKAI, K. Mark				
7. TOKIOKA, James Kunane	✓			
8. TSUJI, Clift	✓			
9. WAKAI, Glenn				✓
10. WOOLEY, Jessica	✓			
11. WARD, Gene				✓
TOTAL (11)	7			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

