

Honolulu, Hawaii

MAR 24 , 2022

RE: S.B. No. 2384
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Government Reform, to which was referred
S.B. No. 2384, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HAWAII PRODUCTS PREFERENCE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the procurement preference for Hawaii products to only apply to agricultural goods, value-added products, and commodities; and
- (2) Require the Department of Accounting and General Services to provide written notice of offerors listed on the Hawaii products list of any amendments to the list, including effective dates and dates of repeal.

Your Committee received testimony in support of this measure from the Department of Agriculture, Department of Accounting and General Services, University of Hawai'i System, Department of Budget and Fiscal Services of the City and County of Honolulu, Ulupono Initiative, and Hawai'i Farm Bureau. Your Committee received comments on this measure from the State Procurement Office.



Your Committee finds that the purpose of section 103D-1002, Hawaii Revised Statutes, is to incentivize contractors and subcontractors to use Hawaii products to support the local industry. Your Committee notes that contractors and subcontractors have indicated that it is common practice to source products locally due to availability and pricing. Since contractors and subcontractors already use Hawaii products, the preference for Hawaii products for purposes of public procurement is no longer necessary. However, your Committee believes that the Hawaii products preference is still necessary with respect to agricultural goods to further the State's food production and sustainability goals.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Should your Committee on Consumer Protection and Commerce hear this measure, your Committee respectfully requests that it consider exempting the solicitation of construction from the procurement preference.

As affirmed by the record of votes of the members of your Committee on Government Reform that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2384, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2384, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Government Reform,



ANGUS L.K. MCKELVEY, Chair



