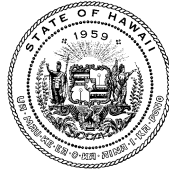


DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE
ON
CONSUMER PROTECTION AND COMMERCE

MARCH 31, 2022, 2:00 P.M.
CONFERENCE ROOM 329/VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2384, S.D. 2, H.D. 1

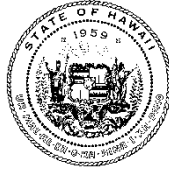
RELATING TO HAWAII PRODUCTS PREFERENCE.

Chair Johanson, Vice Chair Kitagawa, and Members of the Committee, thank you for the opportunity to submit testimony on S.B. 2384, S.D. 2, H.D. 1. The Department of Accounting and General Services (DAGS) strongly supports this bill with the following comment:

The added requirements as written on page 7, lines 12 through 16, are not necessary, as this transition is an issue of implementation of the statute, and does not need to be codified. If this section is retained, DAGS recommends that the State Procurement Office (SPO) take the lead as this list is administered and posted by SPO.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE
GOVERNOR



BONNIE KAHAKUI
ACTING ADMINISTRATOR

STATE OF HAWAII
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
CONSUMER PROTECTION AND COMMERCE

March 31, 2022, 2:00 P.M.

SENATE BILL 2384, SD2, HD1
RELATING TO HAWAII PRODUCTS PREFERENCE

Chair Johanson, Vice Chair Kitagawa, and members of the committee, thank you for the opportunity to submit testimony on SB2384, SD2, HD1. The State Procurement Office (SPO) appreciates the amendments made by the previous committees to remove the Hawaii Products Preference from the procurement process when the solicitation is for public works construction, as this incentive is no longer necessary.

Based on the SPO's findings, the Hawaii Products preference is no longer necessary in the construction procurement process. The current language will increase efficiency in the bid evaluation process and will remove the possibility of the State paying higher construction costs to administer and maintain the Hawaii products preference when applied to construction solicitations.

Thank you.

SB-2384-HD-1

Submitted on: 3/30/2022 1:34:44 PM

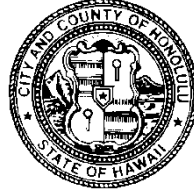
Testimony for CPC on 3/31/2022 2:00:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---|---------------------------|-------------------|
| DAGS Wood, Gordon | Department of Accounting and General Services | Support | Remotely Via Zoom |

Comments:

I am available for comments.

RICK BLANGIARDI
MAYOR



ANDREW T. KAWANO
DIRECTOR

CARRIE CASTLE
DEPUTY DIRECTOR

TESTIMONY OF ANDREW T. KAWANO
DIRECTOR OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
March 31, 2022, 2:00 PM, Conference Room 329 and Videoconference

TO: The Honorable Aaron Ling Johanson, Chair
and Members of the House Committee on Consumer Protection & Commerce

RE: SUPPORT OF SENATE BILL 2384, SD2, HD1 RELATING TO HAWAII
PRODUCTS PREFERENCE

The Department of Budget and Fiscal Services, City and County of Honolulu (City), **supports** Senate Bill (SB) 2384, SD2, HD1 Relating to Hawaii Products Preference.

Bid preferences require additional time and resources to review and analyze, complicate and further delays the procurement process, increase chances for protest and complaints, and increase costs to the City. In general, any bid preference promotes inefficiencies and may lead to instances where applying preferences may result in awarding a contract that is actually higher than the low bid.

For the reasons stated above, the City supports Senate Bill 2384, SD2, HD1.

Mahalo for the opportunity to testify on this bill. Should you have any questions or concerns, please feel free to contact the Department of Budget & Fiscal Services' Division of Purchasing at 808-768-5535 or bfspurchasing@honolulu.gov.



Email: communications@ulupono.com

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Thursday, March 31, 2022 — 2:00 p.m.

Ulupono Initiative supports SB 2384 SD 2 HD 1, Relating to Hawai'i Products Preference.

Dear Chair Johanson and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports SB 2384 SD 2 HD 1, which amends the procurement preference for Hawai'i products to only apply to agricultural goods, value-added products, and commodities.

Ulupono supports the current draft, specifically as it relates to Hawai'i agricultural products. Maintaining this agricultural preference directly supports Act 175 and Act 176 passed by the State Legislature in 2021 to increase local food purchases by state institutions. Through Act 175, SLH 2021, the State Legislature tasked the Department of Education to serve school meals containing 30% locally sourced ingredients by 2030, supporting farm to school efforts to increase local, nutritious product consumption for our keiki and provide a consistent local market for Hawai'i's farmers and ranchers. Through Act 176, SLH 2021, the State Legislature expanded its commitment across all state institutions by mandating a 50% locally sourced meals by 2050 goal. Last year marked an important State commitment to supporting local producers and local communities.

We understand that cheap imported products from the continental U.S. constantly challenge local food product prices. Hawai'i's small farm size and high input costs make it challenging to compete with large mainland producers that can scale operations to achieve low market prices. Hawai'i producers need all possible support in order to compete with imports, including government policies such as a local procurement preference.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 31, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TESTIMONY ON SB 2284, SD2, HD1
RELATING TO HAWAII PRODUCTS PREFERENCE

Conference Room 329 & Videoconference
2:00 PM

Aloha Chair Johanson, Vice-Chair Kitagawa, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i, Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 2284, SD2, HD1, which amends the procurement preference for Hawai'i products to only apply to agricultural goods, value-added products, and commodities.

HFB strongly supports the increased use of locally grown agricultural products, fruits, vegetables, meats, dairy, and poultry products in our schools and other public institutions.

In 2009, the State enacted ACT 175 which gave Hawai'i agricultural products a price preference and included Hawai'i agricultural products under the State's procurement code. HFB believed that an agricultural producers' price preference for bidding presented a competitive advantage. This included enjoyment of the small business preference rule that permits an agency to identify certain contracts for competition among small businesses or requires a large business to subcontract with small businesses to provide the products. We believed that the preference helped cultivate a level playing field with out-of-state bidders and created additional market opportunities for Hawai'i's farmers and small businesses

Thank you for the opportunity to provide our comments and thank you for your continued support of Hawai'i's agricultural community.



Food+ Policy Internship 2022

food@purplemaia.org

March 30, 2022

To: Rep. Aaron Ling Johanson, Chair of Consumer Protection & Commerce and Members of the Committee

Subject: SB2384 SD2 HD1, **Support**

Aloha kākou,

My name is Jeff Yamauchi, an intern at Hawai'i Food+ Policy. Our Food+ Policy priorities are: 1) counter dependence on extractive tourism and military presence by making it possible for people to make a living doing small farming for local consumption; 2) incentivize and support regenerative and Native Hawaiian traditional farming and fishing practices; 3) create access to healthy, culturally appropriate foods for food insecure communities and demographics; and 4) farm to school for all learners.

The Hawai'i Food + Policy supports SB2384 SD2 HD1 as it currently stands in amending the procurement preference for Hawai'i products to only apply to agricultural goods, value-added products, and commodities. Given the many obstacles presented to our local farmers, the need to support local agriculture becomes critically necessary for establishing a secure food base for our island home and diversifying Hawai'i's economy. Finally, this bill, if passed, will achieve the State's food production and sustainability goals that is so important to Hawai'i future.

An established food system needs our full support but is currently lacking. It is vital to discover more ways of supporting our agricultural entrepreneurs. Indeed, SB 2384 will give local farmers and food business people a step up to further establish themselves in a very volatile and difficult market. Thank you for this opportunity to testify.

Mahalo,

Jeff Yamauchi & the Hawai'i Food+ Policy (#fixourfoodsystem)

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2022, the cohort of interns are undergrads and graduate students from throughout the UH System. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Consumer Protection & Commerce
March 31, 2022 at 2:00 p.m.

By
Jan Gouveia
Vice President for Administration
University of Hawai'i

SB 2384 SD2 HD1 – RELATING TO HAWAII PRODUCTS PREFERENCE

Chair Johanson, Vice Chair Kitagawa, and members of the committee:

The University of Hawai'i is in support of SB 2384 SD2 HD1, Relating to Hawaii Products Preference.

In the last several years, there have been no situations where the Hawai'i Products Preference has changed the award of a project. As such, the University supports the idea of eliminating the Hawai'i Products Preference for solicitations for public works construction as this would streamline the bid preparation and bid award phases for projects.

Thank you for the opportunity to testify in support of SB 2384 SD2 HD1.