



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Government Reform
March 23, 2022 at 9:30 a.m.

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

SB 2384 SD2 – RELATING TO HAWAII PRODUCTS PREFERENCE

Chair McKelvey, Vice Chair Wildberger, and members of the committee:

The University of Hawai'i is in support of SB 2384 SD2, 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 as this would streamline the bid preparation and bid award phases for projects.

SB 2384 SD2 narrows the application of the Hawai'i Products Preference to “agricultural goods, value-added products, and commodities” instead of eliminating the preference in its entirety. Should this measure continue to move forward, the University recommends that definitions of these terms be added to the bill as “value-added products” and “commodities” could be broadly construed with a nearly limitless application without additional clarification.

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

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEES ON GOVERNMENT REFORM

MARCH 23, 2022

9:30 A.M.

CONFERENCE 309 & VIA VIDEOCONFERENCE

**SENATE BILL NO. 2384 SD2
RELATING TO HAWAII PRODUCTS PREFERENCE**

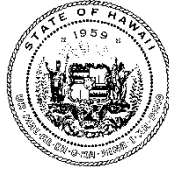
Chairperson McKelvey and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 2384 SD2. This measure amends the procurement preference for Hawaii products to only apply to agricultural goods, value-added products, and commodities. The Department appreciates the amendment to preserve the preference for Hawaii made agricultural goods, value-added products, and commodities. The preference for locally grown agricultural products serves an important role in achieving the State's food production and sustainability goals. The Department supports this measure and otherwise defers to the State Procurement Office regarding its impact on the procurement process.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE
GOVERNOR



BONNIE KAHAKUI
ASSISTANT 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>
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
GOVERNMENT REFORM

March 23, 2022, 9:30 A.M.

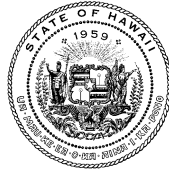
SENATE BILL 2384, SD2
RELATING TO HAWAII PRODUCTS PREFERENCE

Chair McKelvey, Vice Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on SB2384, SD2. 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.

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.

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 GOVERNMENT REFORM

MARCH 23, 2022, 9:30 A.M.
CONFERENCE ROOM 309/VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2384, S.D. 2

RELATING TO HAWAII PRODUCTS PREFERENCE.

Chair McKelvey, Vice Chair Wildberger, and Members of the Committee, thank you for the opportunity to submit testimony on S.B. 2384, S.D. 2. The Department of Accounting and General Services (DAGS) strongly supports the intent of this bill and offers the following comments.

The elimination of this preference as it applies to construction will simplify the solicitation documents, increase the efficiency of the bid evaluation process, and eliminate the possibility of the State paying more for construction without justifiable benefit due to application of the Hawaii products preference.

The additional requirement inserted on page 8, lines 1-7, appears to reflect action to address an issue of implementation of the statute and would be a “one-time” activity. As such, DAGS believes this revision is not necessary.

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

SB-2384-SD-2

Submitted on: 3/22/2022 11:54:10 AM

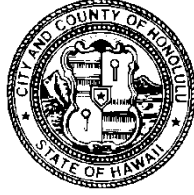
Testimony for GVR on 3/23/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
AGS-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 GOVERNMENT REFORM
March 23, 2022, 9:30 AM, Conference Room 309 and Videoconference

TO: The Honorable Angus L.K. McKelvey, Chair
and Members of the House Committee on Government Reform

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

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

Bid preferences require additional time and resources to review and analyze, complicates and further delays the procurement process, increases chances for protest and complaints, and increases 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.

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 GOVERNMENT REFORM
Wednesday, March 23, 2022 — 9:30 a.m.

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

Dear Chair McKelvey 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, 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



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Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 23, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON GOVERNMENT REFORM

TESTIMONY ON SB 2284, SD2
RELATING TO HAWAII PRODUCTS PREFERENCE

Conference Room 309 & Videoconference
9:30 AM

Aloha Chair McKelvey, Vice-Chair Wildberger, 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, 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.