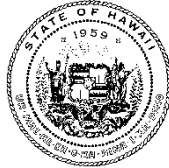


JOSH B. GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ADMINISTRATOR

DAYNA OMIYA
ASSISTANT ADMINISTRATOR

STATE OF HAWAII | KA MOKU'ĀINA O 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, ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE
ON
FINANCE
FEBRUARY 23, 2026; 2:00 PM**

**HOUSE BILL 812, HD1
RELATING TO AGRICULTURE**

Chair Todd, Vice Chair Takenouchi, and members of the committee, thank you for the opportunity to submit testimony on House Bill 812, HD1. The State Procurement Office (SPO) supports the intent of the bill, which authorizes a contract for the purchase of local produce having a value of more than \$25,000, may be for a term of at least five years, under certain conditions.

The SPO appreciates that the House Draft 1 of this bill incorporates its recommendations. The SPO provides the following comments and recommendations.

Typically, small purchases are one-time purchases or for a limited period. Requiring an agency to commit to at least a five-year contract on a small purchase is not realistic, restricts the agencies, and creates an administrative burden.

A purchasing entity has the ability to determine use of a multi-year contract, when:

1. Estimated requirements cover the period of the contract and are reasonably firm and continuing;
2. Such a contract will serve the best interests of the State by encouraging effective competition or otherwise promoting economies in [State] procurement.

Furthermore, a supplier may not be able to maintain a fixed price over a five-year period due to the natural volatility of produce prices. Price fluctuation in produce refers to the frequent changes in the cost of fruits and vegetables, influenced by various factors such as weather conditions, harvest yields, pests, diseases, transportation challenges, seasonal variations, and

fluctuations in global market demand. These factors lead to periods of both high and low supply, directly affecting market prices.

To address this uncertainty, a **price adjustment clause** is included in contracts to protect the suppliers from unforeseen cost increases and allows for price modifications in response to significant market changes. At the same time, it provides the purchasing agency with some level of comfort that the contractor will not default or terminate the contract due to unmanageable cost fluctuations.

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



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/25/2026

Time: 02:00 PM

Location: 308 VIA VIDEOCONFERENCE

Committee: FIN

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB812, HD1, RELATING TO AGRICULTURE.

Purpose of Bill: Authorizes a contract for the purchase of local produce having a value of more than \$25,000 to be for a term of at least five years, under certain conditions. Effective 7/1/3000. (HD1)

Department's Position:

The Hawaii State Department of Education (Department) appreciates the opportunity to provide testimony in support of HB 812.

The Department appreciates that longer term contracts could help with providing stability to some vendors and appreciates the change in language to may, allowing for, but not requiring, five year contracts. The ability to forward contracts in this sense will provide small producers the certainty they need to work with the Department, and hopefully open the door to scaling local food supply into the Department. This bill offers one of the many tools needed to increase local purchasing.

Thank you for the opportunity to testify in support of this measure.



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

February 25, 2026

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 812, HD1
RELATING TO AGRICULTURE

Conference Room 308 & Videoconference
2:00 PM

Aloha Chair Todd, Vice-Chair Takenouchi, 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 HB 812, HD1, which authorizes contracts for the purchase of local produce with a value of more than \$25,000 to be for a term of at least five years. This measure is an important step in increasing farmer participation in the Farm to School program and helping the Department of Education achieve its goal of sourcing 30 percent of school food locally by 2030, as established in Act 175, SLH 2021.

Hawai'i's farmers and ranchers face unique challenges, including high land, water, labor, energy, transportation, and input costs, as well as uncertainty in market stability. Short-term contracts do not provide the reliability farmers need to justify expanding production, investing in new infrastructure, or hiring additional labor. Authorizing longer-term contracts for local produce creates the opportunity for a more predictable and stable institutional market for farmers and ranchers, encouraging them to increase production and invest in their operations.

Increasing procurement of locally grown agricultural products supports food security and sustainability while ensuring students receive fresh, nutritious food. However, farmers and ranchers have long struggled with the state procurement process, which can be challenging to navigate. HB 812, HD1 helps encourage more local producers to participate in the Farm to School program by allowing longer-term contracts that provide the financial security farmers and ranchers need to engage in state procurement programs.

Establishing longer contracts will also increase the diversity of available local food products. With greater certainty in purchasing agreements, farmers will be able to grow specialty crops, expand fruit and vegetable production, and raise more livestock and poultry specifically for institutional markets. This will further align with the state's goals of reducing reliance on imports and strengthening Hawai'i's agricultural economy.

To further strengthen this initiative, we encourage the Department of Education to continue working with local farmers and ranchers to ensure procurement policies are accessible, practical, and effective. Helping farmers and ranchers understand and navigate the procurement system is crucial to making Hawai'i-grown food a significant part of school meals and other state purchasing programs.

Thank you for the opportunity to testify on this important measure.

HB-812-HD-1

Submitted on: 2/23/2026 5:22:02 PM

Testimony for FIN on 2/25/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

GOOD IDEA TO HELP LOCAL FARMERS.

HB-812-HD-1

Submitted on: 2/23/2026 7:20:05 PM

Testimony for FIN on 2/25/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Oppose	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Oppose 812 HB RELATING TO AGRICULTURE.

FOOD COST FOR 2 IS 1K A MONTH = \$12K PER YEARS X5 YEARS = \$60K THIS IS ONLY FOR VEGETABLE, FRUITS, AND CHICKEN, ON OCCASION.

PROPOSED FOR DOE SCHOOLS \$25K X 5 YEARS = \$125K