STAND. COM. REP. NO. **777**

Honolulu, Hawaii Morah B , 2009

RE: H.B. No. 988 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 988, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this bill is to further the State's efforts toward self-sufficiency by amending the Hawaii Procurement Code to make it more likely that agricultural products procured by government agencies will be products grown within the state. Among other things, this bill:

- Removes exemptions for certain agricultural products from the Hawaii Procurement Code that were established under the Hawaii Administrative Rules;
- (2) Allows persons submitting bids or proposals to selfcertify that their product meets minimum specifications to receive a preference as a Hawaii product;
- (3) Provides 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;
- (4) Amends 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;

- (5) Consolidates 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;
- (6) Defines class II products as any agricultural, aquacultural, horticultural, silvicultural, floricultural, or livestock product raised, grown, or harvested in the state; and
- (7) Provides 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 and Hawaii Farm Bureau Federation supported this bill.

Your Committee has amended this bill by:

- Changing its effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 988, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 988, H.D. 2.

> Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO, Chair



State of Hawaii House of Representatives The Twenty-fifth Legislature



Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 988, HD1 Committee Referral: EBM/AGR, FIN March 2, 2009				
□ The committee is reconsidering its previous decision	on the measure.			4
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) 2 I Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	V			
2. LEE, Marilyn B. (VC)	\checkmark			
3. AQUINO, Henry J.C.	<u> </u>			
4. AWANA, Karen Leinani	\checkmark			
5. BROWER, Tom				
6. CHOY, Isaac W.	/			
7. COFFMAN, Denny	~			
8. HAR, Sharon E.	~			
9. KEITH-AGARAN, Gilbert S.C.	Xno			
10. LEE, Chris	~			
11. NISHIMOTO, Scott Y.	\checkmark			
12. SAGUM, Roland D., III	~			
13. TOKIOKA, James Kunane	~			
14. WOOLEY, Jessica	~			
15. YAMASHITA, Kyle T.	۲			
16. PINE, Kymberly Marcos	~			
17. WARD, Gene				
TOTAL (17)	16	0	O	1
The recommendation is: Adopted If joint referral,c	Not Adopt ommittee acronym(did not suppo	ort recommendation	
Vice Chair's or designee's signature: Mainf 3. Lee				
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