

**STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I**  
**STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
AGRICULTURE AND ENVIRONMENT  
MARCH 15, 2023; 2:00 p.m.

HOUSE BILL 975, HD2  
RELATING TO SUSTAINABLE AGRICULTURE

Chair Gabbard, Vice Chair Richards, and members of the committee, thank you for the opportunity to submit testimony on House Bill 975, HD2. The State Procurement Office (SPO) supports the intent of the bill and respectfully provides comments to Section 2, page 6, lines 16 - 20.

Chapter 103D, Hawaii Revised Statutes (HRS), Hawaii Public Procurement Code (Code), is the State's single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure, and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both Chapter 103D and 103F, HRS, conveys a sense of disproportionate equality in the law's application.

Exemptions to the Code mean that all procurements made with taxpayer monies will not have the same oversight, accountability, and transparency requirements mandated by those procurements processes provided in the Code. It means that there is no requirement for due diligence, proper planning, or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code

are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials states that “Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments.”

When public bodies are removed from the Hawaii Public Procurement Code, it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body’s contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

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

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

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**TESTIMONY OF SHARON HURD  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND THE ENVIRONMENT**

**MARCH 15, 2023  
2:00 PM  
CONFERENCE ROOM 224**

**HOUSE BILL NO. 975, HD 2  
RELATING TO SUSTAINABLE AGRICULTURE**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on House Bill 975, House Draft 2 relating to sustainable agriculture. This housekeeping measure addresses potential deficiencies in Act 312, Session Laws of Hawaii 2022, which established a three-year cover crop reimbursement pilot program to provide up to 75 per cent cost reimbursement to farming operations in the State for the acquisition of cover crop seeds, green manure, or compost to incentivize such practices. The Department supports this bill and defers to the Attorney General's office regarding the need for guidelines for a reimbursement program.

Both cover crops and compost (green manure is often used interchangeably with cover crops, although cover crops do not become green manure until it is tilled into the soil) are recognized best management practices by the Natural Resources Conservation Service (NRCS) of the United States Department of Agriculture. Both practices are valuable tools which can reduce surface water velocities, trap pesticides, soils, nutrients, and other pollutants of concern before they leave agricultural properties.



Subsidy implementation may provide cross-programmatic efficiencies related to matching federal funding with the Department of Health's Clean Water Branch, Polluted Runoff Control Program. If cover crops, green manure, and composting are implemented in watersheds with approved watershed-based plans (WBP) in the State of Hawaii, state funds appropriated by this bill may be leveraged to provide greater non-point source pollution control. Watersheds with WBPs include:

Kaua'i:

- Hanalei Bay Watersheds: Hanalei, Waikoko, Waipā, and Wai'oli
- Nawiliwili Bay Watersheds: Puali, Hulēi'ia, and Nawiliwili

Oahu:

- Ala Wai Watersheds: Manoa-Palolo, Makiki, and Ala Wai
- Honouliuli Watershed
- Kaiaka Bay: Kī'iki'i, Kaukonahua, Poamoho, Paukauila, Helemano, and 'Ōpae'ula
- Kapakahi Stream Watershed
- Ko'olaupoko Watersheds: Watersheds from Kualoa to Makapu'u
- Ma'ili'ili Watershed
- Waikele Watershed
- Wailupe Stream Watershed

Moloka'i

- Kawela Watershed

Maui

- Southwest Maui Watersheds: Hapapa, Wailea, Mo'oloa
- West Maui Watersheds: Honokōwai, Wahikuli, Kahana, Honokahua, and Honolua
- South Central Maui Watershed: Pōhākea

Kaho'olawe

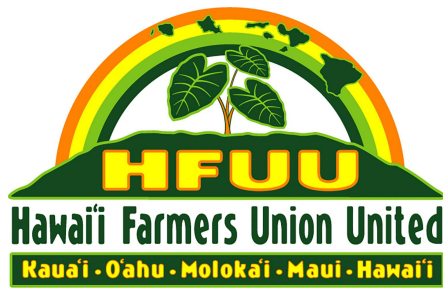
- Kaulana and Hakioawa Watersheds
- Kamōhio Watershed

Hawai'i

- Pelekane Bay Watershed: Kawaihae Watershed
- Waikoloa-Wai'ula'ula Stream Watershed

The resources requested by the Department to implement reimbursement programs includes an accountant and an account clerk within the Administrative Services Office. The positions are needed to properly implement this and other related reimbursement programs at an estimated cost of \$120,000 annually.

Thank you for the opportunity to provide testimony on this bill.



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Ray Maki  
Kauai

Aloha Chair Gabbard, Vice Chair Richards, and Members of the Senate Agriculture and Environment Committee,

The Hawaii Farmers Union United (HFUU) is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFUU supports HB975.**

The Hawaii Farmers Union United has been a strong supporter of the cover crop reimbursement pilot program. This bill supports the long-term health of our farming operations and our soil. We have seen the positive impacts of previous incentive programs and think HB975 further clarifies and strengthens the cover crop pilot program.

By clarifying the requirements for the submission of applications and disbursement of grants, the state will be better equipped to provide the needed resources to these farmers and help alleviate their financial burden. The bill would also provide the necessary infrastructure to administer the valuable program and ensure the financial resources are put to the best use. The cover crop pilot program and similar incentives are key investments in the agricultural sustainability of the State of Hawaii and our farmers.

Mahalo for the opportunity to testify.

Kaipo Kekona, President HFUU/HFUF



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March 15, 2023

HEARING BEFORE THE  
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

**TESTIMONY ON HB 975, HD2**  
RELATING TO SUSTAINABLE AGRICULTURE

Conference Room 224 & Videoconference  
2:00 PM

Aloha Chair Gabbard, Vice-Chair Richards, 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 975, HD2**, which clarifies the requirements for participation under the cover crop reimbursement pilot program that was established in Act 312, Session Laws of Hawai'i 2022, which established a pilot program to provide up to 75 percent cost reimbursement to farming operations in the State for the acquisition of cover crop seeds, green manure, or compost.

HFB agrees that the use of cover crops and green manure increases agricultural productivity and is a beneficial management practice. We strongly support the concept of building soil structure and nutrient capacity. Caring for the soil is a cornerstone to having multigenerational farms that continue to provide for the people of Hawai'i. Many of our farms add compost made off-site as well as utilize short-term fallow between crop cycles to increase organic content in their soils. HFB recognizes and supports the diversion of discarded food and other useful wastes away from landfills. The benefits of this and composting are well-known.

Farming is a tough business. High production costs are a major driver of narrow profit margins for Hawai'i's farmers. Land, water, labor, taxes, transportation, utilities, inputs, invasive species, and food safety regulations are all costs of doing business that often results in our farmers just being able to break even. HFB supports this initiative that could reduce the cost of production for local farmers by incentivizing, with a 75% match, cover crops seeds, green manure, and compost material. This is another mechanism that can help locally produced goods compete with imported products, strengthening our local economy.

Thank you for this opportunity to testify on this important subject.

**HB-975-HD-2**

Submitted on: 3/14/2023 11:12:34 AM

Testimony for AEN on 3/15/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael Zehner	Testifying for Hawaii Smokers Alliance	Oppose	Written Testimony Only

Comments:

We strongly oppose this bill. It is an unfair ban on interstate trade. **It is divisive** since the legislature is failing to encourage both sides of the issue to work together towards a common goal.



**HB-975-HD-2**

Submitted on: 3/10/2023 9:11:03 PM

Testimony for AEN on 3/15/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dana Keawe	Individual	Support	Written Testimony Only

Comments:

support

**HB-975-HD-2**

Submitted on: 3/14/2023 6:07:55 AM

Testimony for AEN on 3/15/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Caroline Azelski	Individual	Support	Written Testimony Only

Comments:

In support of HD2. Thank you.