

LINDA LINGLE  
Governor



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Chairperson, Board of Agriculture

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TESTIMONY OF SANDRA LEE KUNIMOTO  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE  
MONDAY, MARCH 2, 2009  
11:30 A.M.  
ROOM 308

HOUSE BILL NO. 988, H.D. 1  
RELATING TO PROCUREMENT

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 988, H.D. 1. The Hawaii Department of Agriculture supports House Bill No. 988, H.D. 1. This bill raises the preference for Hawaii products to 15% which will help Hawaii producers.

The Department previously disagreed with a provision in the original version of the bill that has been corrected in the House Draft 1. We will assist producers in understanding the provision of the procurement law and the procedures of the institutions following it by continuing to hold information sessions with the agencies and institutions and the producers.



## HAWAII FARM BUREAU FEDERATION

2343 ROSE STREET  
HONOLULU, HI 96819

Committee on Finance

Hearing Date & Time: Monday, March 2, 2009 @ 11:30am in House Conference Room 308

### **HB 988,HD1 Relating to Procurement, Hawaii Products Preference**

Chairman Oshiro; Members of the Committee(s),

The Hawaii Farm Bureau Federation is the largest general agriculture organization in the State of Hawaii with over 1600 members Statewide and we **“Strongly Support HB 988, HD1”**.

Hawaii’s geographic isolation is a natural barrier for island farmers in a global economy; this bill seeks to bring fairness to Hawaii’s agricultural producers. This bill opens the Procurement process to Hawaii’s agricultural producers by removing exemptions and providing Hawaii’s producers a preference in the purchases by the State.

In past, the Hawaii Farm Bureau Federation favored the exemptions from the procurement process due to the higher cost of production of locally grown products. We feared that inclusion in the procurement process would not permit government entities to buy local products due to pricing factors.

Recently, it has come to our attention that the **reverse is true**. In fact, Hawaii’s agricultural producers are currently prevented from utilizing the benefits of the statutory preferences for government purchases of Hawaii agricultural products. In addition, Hawaii agricultural producers have been denied other protections provided within HRS 103D of the procurement code due to the exemptions as identified in HAR §3-120-4(b). Under the current rules, “agricultural products” (fresh meats, produce, plants and animals) are exempt from the procurement code. Therefore, there are no set guidelines or standards to purchase these products. We are also concerned this non-competitive process may disqualify Hawaii’s schools from participating in the Farm/School Lunch program, as it does not comply with the Federal Nutrition Program rules.

HB 988, HD1 will also permit our agricultural producers to take advantage of the small business preference and geographic set-asides established by Act 50 in 2005. Again, because agricultural purchases are currently exempt from the procurement code, agricultural producers cannot utilize the small business preference, as the goods must be purchased using procurement procedures for this preference to apply.

Hawaii’s agricultural products are currently exempt from the procurement code; any preference provided by statute provides no benefit to agricultural producers, unless the administrative rules are also changed. If the agricultural products are removed from the exemption list then the standard procurement rules apply. In addition, government agencies can then use all methods of the source selection to purchase agricultural products.

HB 988, HD1 also provides for self-certification procedures to streamline administration of the preference benefits. Under this provision, the farmer or rancher certifies under penalty of sanctions that the offered Hawaii product meets the requirements for the preference.

We strongly support this bill, as we believe it will benefit our farmers and ranchers by providing more market opportunities to sell Hawaii agricultural products to government agencies with the additional protections of the procurement code.

Thank you for the opportunity to provide testimony in this matter. By adopting HB 988, HD1, the benefits and protections of the procurement code will finally be available to agricultural producers.

Respectfully submitted,

Dean Okimoto, President

Hawaii Farm Bureau