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# A BILL FOR AN ACT

RELATING TO SMALL PURCHASES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that escalating costs of  
2 goods over the years, particularly during the coronavirus  
3 disease 2019 pandemic, have created numerous difficulties  
4 regarding small purchase procurement. With the tragic August  
5 2023 wildfires in Maui and the growing frequency of earthquakes  
6 on Hawaii island, an indicator of potential devastating volcanic  
7 eruption effects on residential and commercial areas, as seen in  
8 2018, the need to address small purchase procurements has become  
9 inescapable.

10           Accordingly, the purpose of this Act is to:

- 11           (1) Increase the minimum amount for purchases constituting  
12           small purchase procurements from \$25,000 to \$50,000;
- 13           (2) Set the minimum amount for purchases constituting  
14           small purchase procurements within the affected area  
15           of a federally declared disaster at \$75,000; and
- 16           (3) Require the state procurement office to submit a  
17           report to the legislature on the efficacy of the



1           increased procurement amounts for areas affected by a  
2           federally declared disaster.

3           SECTION 2. Section 103D-305, Hawaii Revised Statutes, is  
4 amended to read as follows:

5           "**§103D-305 Small purchases; prohibition against parceling.**

6 (a) Procurements of less than \$100,000 for goods or services,  
7 or \$250,000 for construction shall be made in accordance with  
8 procedures set forth in rules adopted by the policy board that  
9 are designed to ensure administrative simplicity and as much  
10 competition as is practicable; provided that multiple  
11 expenditures shall not be created at the inception of a  
12 transaction or project so as to evade the requirements of this  
13 chapter; and provided further that procurement requirements  
14 shall not be artificially divided or parceled so as to  
15 constitute a small purchase under this section.

16 (b) Procurements greater than \$50,000 for construction  
17 under subsection (a) shall require security by performance and  
18 payment bonds, pursuant to section 103D-324, delivered to the  
19 procurement officer, that are:

20 (1) In a form prescribed by the rules of the policy board;



1 (2) Executed by a surety company authorized to do business  
2 in this State; and

3 (3) In an amount equal to one hundred per cent of the  
4 price specified in the contract,  
5 or shall otherwise be secured by a performance bond in a manner  
6 satisfactory to the procurement officer.

7 (c) [~~Procurements~~] Except as provided in subsection (d),  
8 procurements of [~~\$25,000~~] \$50,000 to less than \$250,000 shall be  
9 made in accordance with small purchase procedures; provided that  
10 [such] small purchase procurements through an electronic system  
11 shall be required.

12 (d) In an affected area of a federally declared disaster,  
13 procurements of \$75,000 to less than \$250,000 shall be made in  
14 accordance with small purchase procedures; provided that small  
15 purchase procurements through an electronic system shall be  
16 required; provided further that procurements pursuant to this  
17 subsection shall be reported to the state procurement office."

18 SECTION 3. The state procurement office shall submit a  
19 report of its findings and recommendations on the efficacy of  
20 the amendment to section 103D-305, Hawaii Revised Statutes, made  
21 by section 1 of this Act, including any proposed legislation, to



1 the legislature no later than twenty days prior to the convening  
2 of the regular session of 2025.

3 SECTION 4. This Act does not affect rights and duties that  
4 matured, penalties that were incurred, and proceedings that were  
5 begun before its effective date.

6 SECTION 5. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 6. This Act shall take effect on January 1, 2112.



**Report Title:**

SPO; Hawaii Council of Mayors Package; Small Purchase Procurements; Federally Declared Disaster Areas; Report

**Description:**

Increases the minimum amount for purchases constituting small purchase procurements from \$25,000 to \$50,000. Sets a small purchase procurement minimum amount of \$75,000 for federally declared disaster areas; provided that such procurements are reported to the State Procurement Office. Requires a report to the Legislature. Takes effect 1/1/2112. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

