

STAND. COM. REP. NO. **2503**

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 2202
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2202 entitled:

"A BILL FOR AN ACT RELATING TO SMALL PURCHASES,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the minimum amount for purchases constituting small purchase procurements from \$25,000 to \$50,000.

Your Committee received testimony in support of this measure from the City and County of Honolulu Department of Budget and Fiscal Services and County of Hawaii Department of Finance.

Your Committee received comments on this measure from the State Procurement Office.

Your Committee finds that the amount for small purchase procurement was last adjusted to coincide with inflation in 1997, via section 8 of Act 352, Session Laws of Hawaii 1997. The escalating costs of goods over the years, particularly during the coronavirus disease 2019 pandemic, have created numerous difficulties regarding small purchases. By increasing the threshold of small purchase procurements from \$25,000 to \$50,000, this measure greatly enhances the operational efficiency of state and county departments.



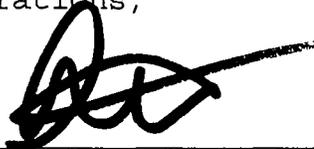
Your Committee additionally finds that greater flexibility is needed, in regards to procurement, during an emergency. Therefore, your Committee finds it necessary to further increase the small purchase threshold in areas effected by a federally declared disaster to facilitate a more immediate response and recovery efforts.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language to establish a small purchase threshold of \$75,000 within the affected area of a federally declared disaster; provided that such procurements are reported to the State Procurement Office;
- (2) Requiring the State Procurement Office to report to the Legislature on the efficacy of the amendments made by this measure before the Regular Session of 2025;
- (3) Amending section 1 to reflect its amended purpose;
- (4) Inserting an effective date of January 1, 2112, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2202, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



ANGUS L.K. MCKELVEY, Chair



