

STAND. COM. REP. NO. 1269

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 412
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred H.B. No. 412, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LOBBYING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish certain presumptions regarding lobbying on behalf of private clients;
- (2) Make certain contracts voidable when entered into in violation of the state lobbying law under certain conditions; and
- (3) Expand the definition of "lobbying" in the state lobbying law to include certain communications with certain government officials regarding procurement decisions.

Your Committee received testimony in support of this measure from the Hawai'i State Ethics Commission and State Procurement Office.

Your Committee received testimony in opposition to this measure from the Hawai'i Primary Care Association.



Your Committee finds that there is a growing national trend to regulate procurement lobbying to ensure fair and ethical conduct. State procurement practices are strictly regulated due to the large monetary sums and critical infrastructure involved in their execution. However, the state lobbying law does not currently apply to procurement lobbying, creating a gap in oversight. This lobbying often occurs in pre-procurement communications and includes efforts to influence procurement decisions through interactions with high-level government officials. This measure will reduce corruption, waste, and fraud in state procurements by addressing procurement lobbying in the state lobbying law.

Your Committee has amended this measure by:

- (1) Inserting language specifying that the Attorney General shall consult with the head of the purchasing agency impacted when enforcing this measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes the concerns expressed by the Hawaii Primary Care Association that this measure is likely to fundamentally change the way social service nonprofit organizations operate and unduly increase their administrative burdens by subjecting communications between their employees and certain government officials to the state lobbying law; necessitating the registration of all employees as lobbyists; and putting the organization's contracts at risk of being voided should the organization be found to be in violation of the newly applicable state lobbying law. Your Committee finds that these issues raise concerns that merit further consideration and respectfully requests that subsequent Committees to which this measure is referred consider this matter.

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 H.B. No. 412, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 412, H.D. 1, S.D. 1, and be referred to your Committee on Judiciary.



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



ANGUS L.K. MCKELVEY, Chair



