

STAND. COM. REP. NO.

184

Honolulu, Hawaii

FEB 10 2025

RE: S.B. No. 254
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 S.B. No. 254 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the small purchase dollar threshold under the Hawaii Public Procurement Code.

Your Committee received testimony in support of this measure from the Department of Transportation, Office of the Mayor of the City and County of Honolulu, Honolulu Police Department, one member of the Kaua'i County Council, and Subcontractors Association of Hawaii.

Your Committee received testimony in opposition to this measure from the State Procurement Office.

Your Committee finds that the dollar thresholds for small purchases have not been adjusted since 2012. After thirteen years, the intended purchasing power of these thresholds has been eroded by inflation, disqualifying many purchases from this category. Your Committee finds that this measure is unique compared to other measures before your Committee as it seeks a nuanced path to provide critical real-world exemptions to reporting requirements through the increase of the small purchase



dollar threshold, rather than simply suspending or exempting the code in its entirety.

Your Committee has amended this measure by:

- (1) Restoring language in existing law that requires procurements between \$25,000 and \$250,000 to be made in accordance with small purchase procedures through an electronic system, rather than the proposed range of \$100,000 to \$360,000;
- (2) Inserting an effective date of January 1, 2525, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes the concerns expressed by the State Procurement Office that raising the threshold for manual procurement processes while leaving existing limits on electronic procurements intact may have unintended consequences on the utilization of these procurement methods. Your Committee finds that this concern merits further consideration and respectfully requests subsequent Committees to which this measure is referred to examine this issue.

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. 254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 254, 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



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB254	Committee Referral: GVO, WAM	Date: 1-30-25
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310	<input type="checkbox"/> Recommit 2313
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Members	Aye	Aye (WR)	Nay	Excused
MCKELVEY, Angus L.K. (C)	✓			
GABBARD, Mike (VC)	✓			
MORIWAKI, Sharon Y.	✓			
SAN BUENAVENTURA, Joy A.	✓			
FEVELLA, Kurt				✓
TOTAL	4	—	—	1

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes