

STAND. COM. REP. NO. 187

Honolulu, Hawaii

FEB 10 2025

RE: S.B. No. 383
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. 383 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:

- (1) Increase the small purchase dollar threshold for public procurement from \$25,000 to \$50,000; and
- (2) Require the State Procurement Office to submit a report to the Legislature on the effectiveness of the raised thresholds.

Your Committee received testimony in support of this measure from the Department of Transportation, Hawai'i State Public Library System, and Office of the Mayor of the County of Maui.

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

Your Committee finds that the escalating costs of goods over time, particularly during the COVID-19 pandemic, have created numerous difficulties regarding small purchase procurement. The increasing frequency of natural disasters in the State further emphasizes the need to increase the procurement threshold for



small purchases, which will facilitate more efficient disaster recovery efforts. Your Committee further finds that the current small purchase procurement threshold hinders the volume and diversity of the buying activities of state agencies. This measure will facilitate disaster recovery and the repair and maintenance of state facilities by increasing the small purchase dollar threshold.

Your Committee has amended this measure by:

- (1) Inserting an effective date of January 1, 2525, to encourage further discussion; and
- (2) 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. 383, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 383, 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



