

JAN 28 2026

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

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

SECTION 1. Section 103D-101, Hawaii Revised Statutes, is amended to read as follows:

"§103D-101 Requirements of ethical public procurement.

(a) All public employees shall conduct and participate in public procurement in an ethical manner. In conducting and participating in procurement, public employees shall:

- (1) Act as a fiduciary and trustee of public moneys;
- (2) Remain independent from any actual or prospective bidder, offeror, contractor, or business;
- (3) Act only in the public interest;
- (4) Abide by the statutes and administrative rules relating to public procurement;
- (5) Identify and maximize efficiencies in the public procurement process;
- (6) Encourage economic competition by:



- 1 (A) Ensuring that all persons are afforded an equal
2 opportunity to compete in a fair and open
3 environment; and
- 4 (B) Researching innovative goods and services to meet
5 the public's needs;
- 6 (7) Avoid the intent and appearance of unethical behavior;
- 7 (8) Avoid social interactions with any actual or
8 prospective bidder, offeror, contractor, business, or
9 other interested parties during the procurement
10 process;
- 11 (9) Maintain confidentiality in a manner that ensures a
12 fair procurement process;
- 13 (10) Remain impartial in dealings with any actual or
14 prospective bidder, offeror, contractor, business, or
15 other interested parties; and
- 16 (11) Identify and eliminate any conflicts of interest.
- 17 (b) Any actual or prospective bidder, offeror,
18 [+]contractor[+], or business taking part in the conduct of
19 public procurement, shall act in good faith to practice
20 purchasing ethics, and when applicable, display business



1 integrity as a responsible offeror through the public
2 procurement process, including but not limited to the following:

3 (1) Avoiding the intent and appearance of unethical
4 behavior or business practices;

5 (2) Refraining from any activity that would create the
6 appearance of impropriety or conflicts of personal
7 interest and the interests of the State or counties;

8 (3) Identifying and eliminating any conflicts of interest;
9 and

10 (4) Ensuring that all persons are afforded an equal
11 opportunity to compete in a fair and open environment.

12 (c) All parties involved in the negotiation, performance,
13 or administration of state contracts shall act in good faith.

14 (d) Governmental bodies and public employees shall not
15 procure services for project management through non-governmental
16 third-party contracts; provided that this subsection shall not
17 apply to the procurement of independent verification and
18 validation contracts for information technology services if
19 approved by the agency's respective chief procurement officer,
20 as provided under section 103D-203."



1 SECTION 2. Section 103D-104, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Project management" means a professional service that
5 manages a project's schedule, cost, quality, safety, scope, and
6 function, and ensures that the project is completed on time and
7 within budget."

8 SECTION 3. Section 103D-326, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "~~§~~103D-326~~§~~ **Fiscal responsibility.** Every contract
11 modification, budget transfer, change order, or contract price
12 adjustment under a contract shall be subject to prior written
13 certification by the appropriate fiscal officer for funding the
14 project or the contract, as to the effect of the contract
15 modification, budget transfer, change order, or adjustment in
16 contract price on the total project budget or the total contract
17 budget. In the event that the certification of the fiscal
18 officer discloses a resulting increase in the total project
19 budget or the total contract budget, the procurement officer
20 shall not execute or make such contract modification, budget
21 transfer, change order, or adjustment in contract price unless



1 sufficient funds are available therefor, or the scope of the
2 project or contract is adjusted so as to permit the degree of
3 completion that is feasible within the total project budget or
4 total contract budget as it existed prior to the contract
5 modification, budget transfer, change order, or adjustment in
6 contract price under consideration; provided, that with respect
7 to the validity, as to the contractor, of any executed contract
8 modification, budget transfer, change order, or adjustment in
9 contract price which the contractor has reasonably relied upon,
10 it shall be presumed that there has been compliance with this
11 section."

12 SECTION 4. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$728,927 or so much
14 thereof as may be necessary for fiscal year 2026-2027 to
15 establish a special project branch within the public works
16 division of the department of accounting and general services,
17 including three full-time equivalent (3.0 FTE) permanent
18 positions, to provide specialized expertise and staff resources
19 that support the division's implementation of certain complex,
20 high-profile capital improvement program projects using
21 innovative, non-traditional delivery methods.

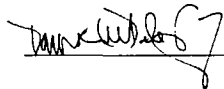


1 The sum appropriated shall be expended by the department of
2 accounting and general services for the purposes of this Act.

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2026.

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INTRODUCED BY: 



S.B. NO. 3230

Report Title:

DAGS; Procurement; Ethical Public Procurement; Budget Transfers; Certification; Fiscal Officers; Public Works Division; Special Project Branch; Positions; Appropriation

Description:

Prohibits all governmental bodies and public employees from procuring services for project management through non-governmental third-party contracts, except for certain procurements of independent verification and validation contracts for information technology services. Requires every budget transfer to receive prior written certification from an appropriate fiscal officer as to the effect the budget transfer will have on the total project budget or the total contract budget. Appropriates moneys to establish a Special Project Branch within the Public Works Division of the Department of Accounting and General Services, including 3.0 full-time equivalent permanent positions, to provide specialized expertise and staff resources that support the Division's implementation of certain complex, high-profile capital improvement program projects using innovative, non-traditional delivery methods.

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