
A BILL FOR AN ACT

RELATING TO PROCUREMENT.

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

1 SECTION 1. The legislature finds that under existing
2 procurement law, any offeror awarded a state contract of \$2,500
3 or more must demonstrate compliance with various state laws
4 governing businesses, including tax and employment laws. While
5 ensuring legal compliance is important to uphold fairness and
6 accountability in public contracting, the existing \$2,500
7 compliance threshold is outdated and unduly low. This
8 threshold, which has remained unchanged for many years, forces
9 even very small procurement awards to undergo the same
10 compliance certification process as much larger contracts. The
11 additional paperwork and procedural hurdles for these minor
12 contracts can deter potential vendors, especially small local
13 businesses and out-of-state or foreign companies, from
14 participating in state solicitations due to the time and expense
15 of obtaining required clearances relative to the contract size.
16 The legislature further finds that raising this compliance
17 threshold will modernize the State's procurement practices and



1 improve government efficiency. The legislature believes that by
2 increasing the dollar amount at which formal vendor compliance
3 verification is required, state agencies will be able to
4 expedite routine small purchases and reduce administrative
5 burdens, freeing up resources to focus on larger contracts and
6 other priorities.

7 Accordingly, the purpose of this Act is to raise the
8 contract award value that triggers required proof of vendor
9 compliance from \$2,500 to \$5,000.

10 SECTION 2. Section 103D-310, Hawaii Revised Statutes, is
11 amended by amending subsection (c) to read as follows:

12 "(c) All offerors, upon award of contract, shall comply
13 with all laws governing entities doing business in the State,
14 including chapters 237, 383, 386, 392, and 393. Offerors shall
15 produce documents to the procuring officer to demonstrate
16 compliance with this subsection. Any offeror making a false
17 affirmation or certification under this subsection shall be
18 suspended from further offerings or awards pursuant to section
19 103D-702. The procuring officer shall verify compliance with
20 this subsection for all contracts awarded pursuant to sections
21 103D-302, 103D-303, 103D-304, and 103D-306, and for contracts



1 and procurements of [~~\$2,500~~ \$5,000 or more awarded pursuant to
2 section 103D-305; provided that the attorney general may waive
3 the requirements of this subsection for contracts for legal
4 services if the attorney general certifies in writing that
5 comparable legal services are not available in [~~this~~] the
6 State."

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 2525.



S.B. NO. 2308 S.D. 1

Report Title:

Procurement; Public Contracts; Small Purchases; Vendor
Compliance

Description:

Increases the contract award value that triggers required proof
of vendor compliance from \$2,500 to \$5,000. Effective 7/1/2525.
(SD1)

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not legislation or evidence of legislative intent.*

