

STAND. COM. REP. NO. **2955**

Honolulu, Hawaii

MAR 06 2026

RE: S.B. No. 2601
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Ways and Means and Judiciary, to which was referred S.B. No. 2601, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to ensure that procurement activities are conducted in a fiscally responsible manner.

Specifically, this measure:

- (1) Prohibits an awarded contract amount from exceeding ten percent of the amount of the available appropriation or balance of an appropriation;
- (2) Requires any contract that exceeds the ten percent threshold in paragraph (1) to obtain approval from the chief procurement officer to become binding; and
- (3) Limits the application of criminal penalties under the Hawaii Procurement Code to egregious violations.

Your Committees received written comments on this measure from the State Procurement Office.



Your Committees find that section 103D-309, Hawaii Revised Statutes, requires a certification that sufficient funds are available to cover the cost of a contract before the contract becomes binding, but does not include a specific threshold of funds that must be available. Your Committees believe that establishing a specific threshold will promote fiscal responsibility and accountability in public procurement.

Your Committees have amended this measure by:

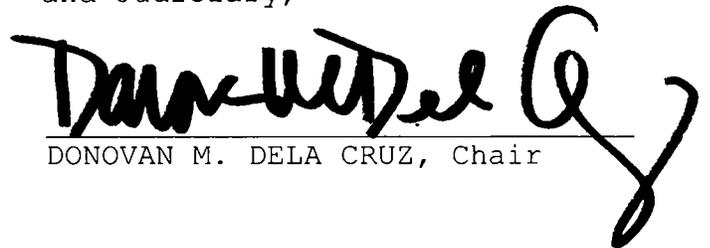
- (1) Deleting language that would have limited criminal penalties to egregious violations of the Hawaii Public Procurement Code; and
- (2) Providing instead that persons who intentionally violate the Hawaii Public Procurement Code shall be guilty of:
 - (A) A petty misdemeanor for the first offense; and
 - (B) A misdemeanor for any subsequent offense.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2601, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2601, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Ways and Means
and Judiciary,



KARL RHOADS, Chair



DONOVAN M. DELA CRUZ, Chair



