

Honolulu, Hawaii

**MAR 25**, 2026

RE: S.B. No. 2970  
S.D. 1  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred S.B. No. 2970, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STANDARDS OF CONDUCT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit state agencies from entering into contracts to procure or dispose of goods or services, or for construction, with businesses owned or operated by, or in which a controlling interest is held by, relatives or household members of directors or deputy directors of principal state departments;
- (2) Require directors, acting directors, and deputy directors of principal state departments to ensure that all contracts entered into by the department comply with the State's Code of Ethics governing conduct relating to contracts; and
- (3) Require violations to be assessed against the director, acting director, or deputy director of the department at the time the violation occurred.



Your Committee received testimony in support of this measure from the Hawai'i State Ethics Commission and Grassroot Institute of Hawaii. Your Committee received comments on this measure from the State Procurement Office.

Your Committee finds that existing ethics laws do not fully address potential conflicts of interest when state departments enter into contracts with businesses connected to relatives or household members of department heads or deputy directors. Your Committee further finds that strengthening these safeguards will promote transparency, help prevent favoritism in the procurement process, and reinforce public confidence in the integrity of state contracting. This measure enhances accountability by prohibiting such contracts and by clearly assigning responsibility for compliance to department leadership.

Your Committee has amended this measure by:

- (1) Incorporating the new prohibition on contracting with businesses owned, operated, or controlled by relatives or household members of department heads into the existing Code of Ethics provision governing contracts;
- (2) Repealing the \$10,000 value threshold for certain prohibited contracts involving legislators or employees;
- (3) Replacing the term "director" with the defined term "department head" to reflect varying titles used by principal state departments;
- (4) Authorizing, rather than requiring, violations to be assessed against the department head, acting department head, or deputy director, as well as against any employee who directly committed, participated in, or authorized the violation;
- (5) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this



report, your Committee is in accord with the intent and purpose of S.B. No. 2970, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2970, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary &  
Hawaiian Affairs,



---

DAVID A. TARNAS, Chair



