

STAND. COM. REP. NO. **2527**

Honolulu, Hawaii

FEB 20 2026

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

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

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2970 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to prohibit a state agency from entering into any contract to procure or dispose of goods or services, or for construction, with any business that is owned or operated, or in which a controlling interest is held, by a relative or household member of a director or deputy director of a principal state department.

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

Your Committee finds that the Hawaii Public Procurement Code requires that public procurement be conducted with integrity, fairness, and independence. Furthermore, the Procurement Code of Ethics within the Hawaii Administrative Rules also supports this by requiring all public employees involved in procurement to act ethically, comply with procurement laws and rules, and promote fair and open competition. This measure expressly assigns the procurement responsibility to state department leaders and further reduces the risk and appearance of favoritism in state contracting.



Your Committee also acknowledges the recommendation in testimony by the Hawaii State Ethics Commission that, because the State's code of ethics already has a provision, section 84-15, Hawaii Revised Statutes, that governs conduct related to contracts, it may be more appropriate to incorporate the language proposed in this measure in the same section, thereby keeping related provisions together. Therefore, amendments to this measure are necessary to reflect this recommendation.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language amending section 84-15, Hawaii Revised Statute, to include the following:
 - (A) The director or acting director of a principal state department, and any deputy director of the department, shall be responsible for ensuring that all contracts entered into by the department comply with this section; and
 - (B) Any violation of this section shall be assessed against the director, acting director, or deputy director of the department at the time the violation occurred.
- (2) Inserting an effective date of January 1, 2525, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 2970, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2970, S.D. 1, and be referred to your Committee on Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



ANGUS L.K. MCKELVEY, Chair



