

STAND. COM. REP. NO. 2991

Honolulu, Hawaii

MAR 06 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 Judiciary, 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 and intent of this measure is to:

- (1) 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;
- (2) Require directors, acting directors, and deputy directors of a principal state department to be responsible for ensuring that all contracts entered into by the department comply with a provision in the State's Code of Ethics governing conduct relating to contracts; and
- (3) Require any violation 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, Grassroot Institute of Hawaii, and one individual.

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

Your Committee finds that government contracting should be based on merit, competitive pricing, and the public interest. However, there is currently insufficient protection against impropriety in state contracts, as directors and deputy directors who oversee agency operations and budgets may have personal or family financial interests in businesses that pursue state contracts. This measure will address these conflicts of interest and promote fairness, transparency, and public confidence in the State's procurement process.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2970, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



