

STAND. COM. REP. NO.

3046

Honolulu, Hawaii

MAR 06 2026

RE: S.B. No. 3249
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. 3249, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT PROTESTS,"

begs leave to report as follows:

The purpose and intent of this measure is to require the forfeiture of half of the cash or protest bond for review of procurement-related disputes if the initiating party does not prevail in an administrative proceeding and the Office of Administrative Hearings finds that the appeal was made in bad faith.

Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services; Department of Education; Ralph S. Inouye Co LTD; General Contractors Association of Hawaii, Royal Contracting Co LTD; Jas. W. Glover, LTD.; and one individual.

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

Your Committee finds that Act 162, Session Laws of Hawaii 2024 (Act 162), imposed stringent penalties for frivolous or bad faith appeals, while also establishing safeguards to protect legitimate appeals. However, appeals, including frivolous or bad faith appeals are exceedingly rare. Between 2023 and 2025, the



State had seven administrative appeals decisions, only three of which occurred before Act 162 was enacted. This pattern suggests that the risk of frivolous or bad faith appeals is low, while the potential for stringent penalties to deter legitimate appeals is higher than anticipated. To protect these legitimate appeals, this measure limits the forfeiture for unsuccessful appeals to only half the cash or protest bond and removes forfeiture for frivolous appeals.

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. 3249, 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



