



# HAWAI'I STATE ETHICS COMMISSION

*Komikina Ho'opono Kulekele o Hawai'i Moku'āina*

Committee: Senate Committee on Judiciary  
Bill Number: SB 2970 SD1  
Hearing Date/Time: March 3, 2026, 10:15 a.m.  
Re: Testimony in Support of SB 2970 SD1 with **Proposed Amendments**

Aloha Chair Rhoads, Vice-Chair Gabbard, and Committee Members:

Thank you for the opportunity to provide testimony in support of SB 2970, which strengthens public trust by prohibiting state agencies from entering into contracts with businesses owned or controlled by relatives or household members of department directors or deputy directors. This measure appropriately reduces the risk and appearance of favoritism in state contracting.

The Commission appreciates the prior Committee's efforts in amending this measure. After reflection, the Commission proposes including all contract provisions in Haw. Rev. Stat. § 84-15. Below is the proposed revised version of this existing statute. It includes slightly modified text, including enforcement against any state employee who directly participates in a violation.

## **PROPOSED AMENDMENT:**

**§84-15 Contracts.** (a) A state agency shall not enter into any contract to procure or dispose of goods or services, or for construction, with a legislator, an employee, or a business in which a legislator or an employee has a controlling interest, involving services or property of a value in excess of \$10,000 unless:

(1) The contract is awarded by competitive sealed bidding pursuant to section 103D-302;

(2) The contract is awarded by competitive sealed proposal pursuant to section 103D-303; or

(3) The agency posts a notice of its intent to award the contract and files a copy of the notice with the state ethics commission at least ten days before the contract is awarded.

(b) A state agency shall not enter into a contract with any person or business which is represented or assisted personally in the matter by a person who has been an employee of the agency within the preceding two years and who participated while in state office or employment in the matter with which the contract is directly

concerned. This subsection shall not apply to any contract that is awarded in accordance with subsection (a) with a person or business represented or assisted by a person who was a member of a task force or served as the designee or representative of a task force member.

(c) A state agency shall not enter into a contract to procure or dispose of goods or services, or for construction, with any business:

(1) That is owned or operated; or

(2) In which a controlling interest is held, by a relative or household member of a director or deputy director of a principal state department.

(d) As used in this section:

"Household member" means an individual who resides in the same dwelling unit as the director or deputy director of a principal state department.

"Principal state department" means a principal department of the executive branch listed in section 26-4.

"Relative" means a director's or deputy director's parent, grandparent, stepparent, child, grandchild, stepchild, foster child, adopted child, sibling, half-sibling, stepsibling, parent's sibling, first cousin, sibling's child, spouse, spouse's parent, child-in-law, or sibling-in-law, or any individual who has become a member of the director's or deputy director's immediate family through the Hawaiian hanai custom."

(e) 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.

(f) 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, and against any employee who directly committed, participated in, or authorized the violation.

Mahalo for the opportunity to testify on this bill.

Very truly yours,

/S/ Robert D. Harris

Robert D. Harris

Executive Director and General Counsel

JOSH B. GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



BONNIE KAHAKUI  
ADMINISTRATOR  
  
DAYNA OMIYA  
ASSISTANT ADMINISTRATOR

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TESTIMONY  
OF  
BONNIE KAHAKUI, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
JUDICIARY  
MARCH 3, 2026, 10:15 AM

SENATE BILL 2970, SD1  
RELATING TO STANDARDS OF CONDUCT

Chair Rhoads, Vice Chair Gabbard, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2970, SD1. The State Procurement Office (SPO) appreciates the intent of Senate Bill 2970, SD1, to prevent conflicts of interest, ensure transparency, and maintain public trust. The SPO respectfully offers comments and recommendations.

### Comments

Section 2, subsection (a), page 2, lines 10-21, and page 3, lines 1-3, adds language restricting state agencies from entering into certain contracts with a legislator, an employee, or a business in which they hold a controlling interest, unless specified conditions are met. However, contracts under \$10,000 are exempt from such restrictions. This exemption may create a loophole that allows smaller contracts to be split or "parceled" to avoid oversight.

### Recommendation

To ensure this bill is consistent with the intent and structure of established statutes and rules, the SPO recommends the following:

- Enforce conditions on ALL contracts by revising Section 2, subsection (a), page 2, lines 10-21, and page 3, lines 1-3 to read:

**"§84-15 Contracts.** (a) A state agency shall not enter into any contract to procure or dispose of goods or services, or for construction, with a legislator, an employee, or a business in which a legislator or an employee has a controlling interest, [~~involving services or property of a value in excess of \$10,000~~] unless:

- (1) The contract is awarded by competitive sealed bidding pursuant to section 103D-302;
- (2) The contract is awarded by competitive sealed proposal pursuant to section 103D-303; or
- (3) The agency posts a notice of its intent to award the contract and files a copy of the notice with the state ethics commission at least ten days before the contract is awarded."

Thank you for the opportunity to submit testimony on this measure.

March 3, 2026, 10:15 a.m.  
Hawaii State Capitol  
Conference Room 016 and Videoconference

**LATE**

**To: Senate Committee on Judiciary**  
**Sen. Karl Rhoads, Chair**  
**Sen. Mike Gabbard, Vice Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

RE: TESTIMONY IN SUPPORT OF SB2970 SD1 — RELATING TO STANDARDS OF CONDUCT

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **supports** [SB2970 SD1](#), which would prohibit state agencies from entering into contracts for goods, services and construction work with a 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.

By prohibiting contracts that could benefit the relative or household member of a state department head, this bill would help prevent financial conflicts of interest as well as issues of impartiality in contracting, an essential practice in government procurement.<sup>1</sup>

In order to improve public trust in government and root out corruption, state agencies must avoid improper influence in contracting and even the appearance of impropriety. We applaud the committee for addressing this important issue and urge you to pass SB2970.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii

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<sup>1</sup> ["Ethics and Procurement Integrity,"](#) U.S. Office of Government Ethics, July 2007.

# Letter in Support of SB2970

February 27, 2026

To: Senate Committee on Government Operations  
Hawaii State Legislature  
Hawaii State Capitol  
Honolulu, HI 96813

**RE: Strong Support for SB2970 – Ethics Standards for State Contracting**

Aloha Chair San Buenaventura, Vice Chair Fevella, and Honorable Committee Members,

My name is Ryan K Gomes, and I am a resident of Honolulu. I write to you today as a concerned private citizen in strong support of SB2970, which prohibits state agencies from entering into contracts with businesses in which state directors, deputy directors, acting directors, or their relatives and household members have a financial interest.

## The Problem: Conflicts of Interest Undermine Public Trust

Government contracting should be based on merit, competitive pricing, and the public interest. Taxpayers deserve to know that their money is being spent on the best vendors and services available—not funneled to businesses owned by the families and household members of high-ranking state officials.

Currently, there is insufficient protection against nepotism and self-dealing in state contracts. Directors and deputy directors who oversee agency operations and budgets may have personal or family financial interests in businesses seeking state contracts. This creates an obvious conflict of interest that undermines fairness, transparency, and public confidence in government.

SB2970 closes this dangerous loophole by establishing a clear ethical standard: state agencies may not contract with businesses in which their top officials or their relatives and household members have a financial stake.

## Why SB2970 is Necessary

**This bill strengthens government integrity by:**

- **Preventing nepotism and favoritism** in the awarding of state contracts, ensuring that decisions are based on qualifications and value rather than family connections.
- **Protecting taxpayers** by ensuring that public funds are spent wisely and competitively, without conflicts of interest that may lead to inflated costs, poor-quality services, or waste.
- **Leveling the playing field** for honest businesses that compete fairly for state contracts, rather than being shut out by vendors with inside connections to agency leadership.

- **Restoring public trust** in state government by demonstrating a zero-tolerance approach to ethical violations and self-dealing.

## Who This Bill Protects

SB2970 is designed to benefit the people of Hawai‘i—taxpayers, honest businesses, and the integrity of our government institutions.

- **Taxpayers** are protected from waste, fraud, and abuse of public funds when contracts are awarded based on personal connections rather than merit.
- **Honest businesses and vendors** can compete on a level playing field without worrying that contracts will go to businesses owned by the relatives of agency directors.
- **Government transparency and accountability** are strengthened, reducing the risk of corruption and ensuring that public officials serve the public interest, not their private financial interests.

This is not a bill that benefits special interests, corporations, or political insiders. It is a straightforward anti-corruption measure that protects the public from conflicts of interest at the highest levels of state government.

## Addressing Common Concerns

Some may argue that this restriction is too broad or that it may inadvertently disqualify qualified vendors. But the principle at stake is clear: public officials should not be in a position to financially benefit—directly or through family members—from decisions they make or influence in their official capacity.

If a business is truly the best option for a state contract, it will be able to compete and win based on its merits, not on its connection to a director's family. And if a director's relative happens to own a business that seeks state contracts, the solution is simple: the director must recuse themselves, or the agency must avoid that contract. That is how ethical government operates.

## The Standard We Should Expect

Hawai‘i residents deserve a government that operates with the highest ethical standards. We should not tolerate situations where public officials or their families profit from state contracts, and we should not accept a system that creates even the appearance of impropriety.

SB2970 establishes a clear, enforceable rule that protects the integrity of state contracting. It is a common-sense reform that aligns with best practices in government ethics and reflects the values of transparency, accountability, and fairness.

## Conclusion

SB2970 is a necessary and overdue reform that strengthens ethical standards in state government and protects taxpayers from conflicts of interest and nepotism. It ensures that state contracts are awarded based on merit and the public interest, not personal or family connections.

This bill does not impose unreasonable restrictions—it simply codifies what should already be the standard: public officials should not financially benefit from the decisions they make in their official capacity.

**I respectfully urge the Committee to pass SB2970.**

Mahalo nui for your commitment to transparency, accountability, and ethical government.

Me ka ha'aha'a,

Ryan K Gomes  
Honolulu, Hawai'i