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TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
GOVERNMENT OPERATIONS
FEBRUARY 5, 2026, 3:01 PM

SENATE BILL 2970
RELATING TO STANDARDS OF CONDUCT

Chair McKelvey, Vice Chair Gabbard, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2970. The State Procurement Office (SPO) supports the bills' intent to reinforce standards of conduct and strengthen ethical safeguards in public procurement.

Hawai'i's Procurement Code requires that public procurement be conducted with integrity, fairness, and independence. Furthermore, Hawaii Administrative Rules (HAR) Chapter 3-131, the Procurement Code of Ethics, supports §103D-101 HRS, by requiring ALL public employees to act ethically, comply with procurement laws and rules, and promote fair and open competition. Senate Bill 2970 is consistent with the intent and structure of these statute and rules by extending application to state department leaders.

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



HAWAI'I STATE ETHICS COMMISSION

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

Committee: Senate Committee on Government Operations
Bill Number: SB 2970
Hearing Date/Time: February 5, 2026, 3:01 p.m.
Re: Testimony in Support of SB 2970 **with a Proposed Amendment**

Aloha Chair McKelvey, 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.

Because Hawai'i's Ethics Code is grounded in individual responsibility, it may be worthwhile to clarify that **directors and deputy directors—whose relationships give rise to the potential conflict addressed by this bill—have a personal obligation to ensure compliance with this prohibition**. While the restriction applies appropriately at the agency level, ethics compliance ultimately depends on the conduct of individuals with senior authority over contracting decisions. An express assignment of responsibility to directors and deputy directors, consistent with the Commission's existing approach to post-employment restrictions, would promote clear accountability and support consistent, practical enforcement of this measure.

Further, to the extent Haw. Rev. Stat. Chapter 84, the State Code of Ethics, already has a contract section (Haw. Rev. Stat. § 84-15); it may make sense to simply amend that statute and include this bill's new language after the existing subsection (b). This keeps similar concepts together.

PROPOSED AMENDMENT:

(c) 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.

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(d) 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.

Mahalo for the opportunity to testify on this bill.

Very truly yours,

/S/ Robert D. Harris

Robert D. Harris

Executive Director and General Counsel

Feb. 5, 2026, 3:01 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Government Operations
Sen. Angus L.K. McKelvey, Chair
Sen. Mike Gabbard, Vice Chair

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

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

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii would like to offer its **support** for [SB2970](#), which would prohibit state agencies from entering into contracts for goods or services (including construction) 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.¹

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

¹ [“Ethics and Procurement Integrity,”](#) U.S. Office of Government Ethics, July 2007.