
A BILL FOR AN ACT

RELATING TO SMALL PURCHASES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that escalating costs of
2 goods over the years, particularly during the coronavirus
3 disease 2019 pandemic, have created numerous difficulties
4 regarding small purchase procurement. With the tragic August
5 2023 wildfires on Maui and the growing frequency of earthquakes
6 on Hawaii island, an indicator of potential devastating volcanic
7 eruption effects on residential and commercial areas, as seen in
8 2018, the need to address small purchase procurements has become
9 inescapable.

10 Accordingly, the purpose of this Act is to:

- 11 (1) Increase from \$25,000 to \$50,000 the minimum amount
12 for purchases constituting small purchase
13 procurements;
- 14 (2) Set at \$75,000 the minimum amount for purchases
15 constituting small purchase procurements within the
16 affected area of a federally declared disaster; and



1 (3) Require the state procurement office to submit a
2 report to the legislature on the efficacy of the
3 increased procurement amounts for areas affected by a
4 federally declared disaster.

5 SECTION 2. Section 103D-305, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§103D-305 Small purchases; prohibition against parceling.**

8 (a) Procurements of less than \$100,000 for goods or services,
9 or \$250,000 for construction shall be made in accordance with
10 procedures set forth in rules adopted by the policy board that
11 are designed to ensure administrative simplicity and as much
12 competition as is practicable; provided that multiple
13 expenditures shall not be created at the inception of a
14 transaction or project so as to evade the requirements of this
15 chapter; and provided further that procurement requirements
16 shall not be artificially divided or parceled so as to
17 constitute a small purchase under this section.

18 (b) Procurements greater than \$50,000 for construction
19 under subsection (a) shall require security by performance and
20 payment bonds, pursuant to section 103D-324, delivered to the
21 procurement officer, that are:



- 1 (1) In a form prescribed by the rules of the policy board;
- 2 (2) Executed by a surety company authorized to do business
- 3 in this State; and
- 4 (3) In an amount equal to one hundred per cent of the
- 5 price specified in the contract,
- 6 or shall otherwise be secured by a performance bond in a manner
- 7 satisfactory to the procurement officer.

8 (c) [~~Procurements~~] Except as provided in subsection (d),

9 procurements of [~~\$25,000~~] \$50,000 to less than \$250,000 shall be

10 made in accordance with small purchase procedures; provided that

11 [such] small purchase procurements through an electronic system

12 shall be required.

13 (d) In an affected area of a federally declared disaster,

14 procurements of \$75,000 to less than \$250,000 shall be made in

15 accordance with small purchase procedures; provided that small

16 purchase procurements through an electronic system shall be

17 required; provided further that procurements pursuant to this

18 subsection shall be reported to the state procurement office."

19 SECTION 3. The state procurement office shall submit a

20 report of its findings and recommendations on the efficacy of

21 the amendment to section 103D-305, Hawaii Revised Statutes, made



1 by section 2 of this Act, and any proposed legislation, to the
2 legislature no later than twenty days prior to the convening of
3 the regular session of 2025.

4 SECTION 4. This Act does not affect rights and duties that
5 matured, penalties that were incurred, and proceedings that were
6 begun before its effective date.

7 SECTION 5. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect upon its approval.



Report Title:

SPO; Hawaii Council of Mayors Package; Small Purchase Procurements; Federally Declared Disaster Areas; Report

Description:

Increases the minimum amount for purchases constituting small purchase procurements from \$25,000 to \$50,000. Sets a small purchase procurement minimum amount of \$75,000 for federally declared disaster areas; provided that the procurements are reported to the State Procurement Office. Requires a report to the Legislature. (SD2)

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