



STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
'OIHANA HALE WAIHONA PUKE AUPUNI O KA MOKU'AINA O HAWAII
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813

SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, February 18, 2025
10:01am
Conference Room 211 & Videoconference

By Stacey A. Aldrich
State Librarian

S.B. 383 SD1 RELATING TO SMALL PURCHASES

To: Sen. Donovan M. Dela Cruz, Chair
Sen. Sharon Y. Moriwaki, Vice Chair
Members of the Senate Committee on Ways and Means

The Hawaii State Public Library System (HSPLS) **supports** S.B.383 SD1 which increases the minimum amount for purchases constituting small purchase procurements from \$25,000 to \$50,000 and requires a report to the Legislature.

The cost of supplies, equipment, construction materials and services have risen rapidly since the current threshold amount was established, creating a hindrance in managing the volume and diversity of the Hawaii State Public Library System's buying activities. The proposed \$50,000 procurement threshold is a sensible response to today's purchasing environment and the increased cost of supplies and materials, particularly with respect to necessary repairs and maintenance at our facilities.

We appreciate the State Procurement Office's concerns about ensuring the integrity of the State's procurement code. However, not increasing the threshold for small purchases to keep up with the rising cost of goods and services contradicts the purpose of providing departments and agencies with the ability to quickly pursue small purchases.

Thank you for the opportunity to provide testimony on S.B. 383 SD1.

SB-383-SD-1

Submitted on: 2/17/2025 9:59:27 AM

Testimony for WAM on 2/18/2025 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Elgin Arquero	Testifying for Honolulu Police Department	Comments	Written Testimony Only

Comments:

I am a Major with the Honolulu Police Department. The HPD agrees with the intent of SB383 to increase the small purchase threshold from its current \$25,000. SB254, submitted with the County Mayors Legislative Package, introduced an increase from \$25,000 to \$100,000. The HPD recommends an increase to \$100,000. The current procurement law was last updated in 1997.

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February 16, 2025

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
and Members of the Senate Committee on Ways and Means
State Senate
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Subject: SB 383 – Relating to Small Purchases

The City and County of Honolulu **supports** SB 383 which would increase the small purchase threshold for certain procurement procedures. However, we would note that there are additional areas within the procurement code which need to be changed to achieve the intended purpose of this measure.

In 2024, as part of the HI Council of Mayors Bill Package, HB 1862 and SB 2202 were introduced to address this same issue covered by SB 383. However, we realized that this single change does not address the multiple areas of small purchases that have become bottlenecks with inflation. As a result, this year we introduced HB 382 and SB 254 which would address two additional areas within the small purchase process, those involving electronic purchases and HCE compliant purchases.

As noted in HB382 and SB254, these dollar amount thresholds have not been adjusted since 1997. Inflation, especially in the last few years, has greatly increased the cost of goods and services across the country, thereby reducing procurement actions that qualify as a small purchase. The adverse impact is an increase to the administrative burden and time required to procure goods and services for government operations and services.

I strongly believe that these changes will help the City and County of Honolulu, as well as all other Hawai'i State and County agencies, better and more effectively serve its residents and humbly suggest that the additional language in HB 382 and SB 254 be inserted to address the small purchase thresholds involving electronic purchases and HCE compliant purchases.

Thank you for the opportunity to testify on this measure,

Sincerely,

A handwritten signature in black ink, appearing to read "M. Formby".

Michael D. Formby
Managing Director Designate



STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
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TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

LATE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
FEBRUARY 18, 2025, 10:01 AM

SENATE BILL 383, SD1
RELATING TO PROCUREMENT

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 383, SD1. The State Procurement Office (SPO) opposes this bill, which increases the threshold in which an electronic procurement system is required to be used. These changes impact the purpose of the Hawaii Procurement Code, which is “to foster effective broad-based competition within the free enterprise.”

The SPO acknowledges that escalating costs of goods and services, as well as natural disasters, have created numerous difficulties regarding procurement. However, raising the minimum threshold to \$50,000 to be conducted on an eProcurement system would result in less transparency, reduced competition which may lead to increased costs, procurement irregularities, and higher risk of parceling, which is the artificial division of goods, services, and construction in order to evade the statutory competitive requirement.

Additionally, procurements less than \$50,000 will not be viewable or available to all vendors, that could be considered, and requests for quotes or bids may be solicited to the limited group that a procuring agency deemed to be on “favorites” list.

As the table below indicates, hundreds of transactions fall into this category. In fiscal years 2023 and 2024, transactions under \$50,000 were valued at \$15 MILLION to \$18 MILLION.

Fiscal Year	Small Purchase Transactions Under \$50,000	Awarded Amounts
2023	728	\$18,140,833.27
2024	662	\$15,947,218.44

All jurisdictions should be utilizing technological advances rather than resorting to labor-intensive, manual processes. Reverting to dated manual processes is contrary to enhancing operation efficiencies. Procurement automation is one way to supplement processes in the wake of labor shortages. By using an electronic procurement system, accurate procurement data should be immediately available to jurisdictions, negating the need for agencies to compile data manually.

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