



STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

**TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE
ON
LABOR
FEBRUARY 6, 2025, 9:00 AM**

**HOUSE BILL 163
RELATING TO REIMBURSEMENT OF PUBLIC OFFICERS AND EMPLOYEES**

Chair Sayama, Vice Chair Lee, and members of the committee, thank you for the opportunity to submit testimony on House Bill 163. The State Procurement Office (SPO) appreciates the intent of the bill and provides comments.

Comments: The State Executive Branch travel procedures require an approved Statement of Completed Travel, supported by expenditure details and any related receipts, to be submitted upon completion of travel for any approved reimbursement. Requiring the state or county to pay within thirty (30) calendar days of an officer's or employee's request for reimbursement does not align with the State travel procedures and may allow for unapproved reimbursements.

Recommendations: The SPO recommends the following revisions to Section 1, page 3, lines 8-17:

(g) Whenever an officer or employee affirmatively agrees to loan the State or a county the money for travel costs pursuant to subsection (b), the State or county shall reimburse the officer or employee within thirty calendar days after the officer or employee requests reimbursement for the travel costs; submits an approved Statement of Completed Travel or similar document with detailed expenditure and related receipts, provided that if the State or a county is unable to reimburse the officer or employer within thirty calendar days, the State or a county shall pay interest, as determined by the Comptroller, of the total amount owed to the officer or employee until the loan is fully reimbursed.

Pursuant to Section 103-10, HRS, the Comptroller issues a memorandum that outlines the Quarterly Interest Rate for Late Vendor Payments ([see attached](#)).

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

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ


MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWÉ LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

December 2, 2024

COMPTROLLER'S MEMORANDUM NO. 2024-27

TO: Department Heads

FROM: Keith A. Regan, Comptroller 

SUBJECT: Quarterly Interest Rate for Late Vendor Payments

Pursuant to Section 103-10 of the Hawai'i Revised Statutes, the interest rate for obligations related to goods delivered or services performed that are unpaid after 30 days is equal to the prime rate for each calendar quarter plus two percent. The interest rate is adjusted quarterly using the prime rate as posted in the Wall Street Journal on the first business day of the month preceding the calendar quarter.

This memorandum is to inform you that the interest rate beginning January 1, 2025 and ending March 31, 2025 will be 9.75% per annum.

Interest due to vendors is automatically calculated if the payment is made in excess of 30 days from the Aging Start Date. The interest calculation is as follows:

$$\text{Interest Due} = (\text{Daily Rate of Interest}) \times (\text{Days in Excess of 30}) \times (\text{Payment Amount})$$

$$\text{Daily Rate of Interest} = \text{Current Interest Rate} / 365 \text{ days}$$

$$\text{Days in Excess of 30} = \text{Number of days starting from the day after the Aging Start Date up to and including the Date of the Check.}$$

We will inform you of the effective interest rate at the beginning of each calendar quarter.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**HOUSE OF REPRESENTATIVES
THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025**

COMMITTEE ON LABOR

Rep. Jackson D. Sayama, Chair

Rep. Mike Lee, Vice Chair

Thursday, February 6, 2025, 9:00 AM
Conference Room 309 & Videoconference

Re: Testimony on HB163 – RELATING TO REIMBURSEMENT OF PUBLIC OFFICERS AND EMPLOYEES

Chair Sayama, Vice Chair Lee, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO ("UPW") is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW supports HB163, which Requires the State or a county to reimburse an officer or employee within thirty calendar days of a request for reimbursement for travel costs that the officer or employee loaned to the State or a county. This measure also requires the State or a county to pay a percentage of interest on the total amount owed to an officer or employee until the loan is fully reimbursed.

While this bill seeks to resolve an issue that UPW members are not currently facing, it does highlight a larger problem that is not just limited to the delayed reimbursement of travel costs. This issue being that there is no penalty when employer does not pay an employee in a timely manner. We are frequently being notified by our Bargaining Unit 10 members that they are having to wait for two to three pay periods before they receive overtime pay. This is pay that our members are often counting on to pay for unforeseen costs such as funeral expenses, car repairs, or emergency medical care.

Admittedly, this larger issue will not be resolved by this bill. However, we believe the penalties provided for in this measure are a significant step in keeping the employers accountable.

Mahalo for the opportunity to testify in support of this measure.

HEADQUARTERS

1426 North School Street
Honolulu, Hawaii 96817-1914
Phone 808.847.2631

HAWAII

362 East Lanikaula Street
Hilo, Hawaii 96720-4336
Phone 808.961.3424

KAUAI

2970 Kele Street, Suite 213
Lihue, Hawaii 96766-1803
Phone 808.245.2412

MAUI

841 Kolu Street
Wailuku, Hawaii 96793-1436
Phone 808.244.0815

1.866.454.4166

Toll Free - Molokai/Lanai only



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
The House of Representatives
Committee on Labor

Testimony by
Hawaii Government Employees Association

February 6, 2025

H.B. 163 — RELATING TO REIMBURSEMENT OF PUBLIC OFFICERS AND
EMPLOYEES.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 163, which requires the State or a county to reimburse an officer or employee within thirty calendar days of a request for reimbursement for travel costs that the officer or employee loaned to the State or a county. Requires the State or a county to pay a percentage of interest on the total amount owed to an officer or employee until the loan is fully reimbursed.

Many of our members take approved work-related travel to accomplish and fulfill their duties and responsibilities. This travel consists of flying between islands and out-of-state, which may include multiple over-night stays. To purchase the necessary plane tickets, lodging, and area-transportation, among others, our members cover the cost and will later be reimbursed by the respective jurisdiction. Depending on the type and duration of the official travel – the total cost can easily exceed \$1000. Our members put this cost on their credit cards which they accrue interest for and must pay, or they charge their checking accounts which leaves a temporary hole in their finances. We will be frequently notified by our members about the untimely or pending reimbursement – often citing that they wait two to three months, after submitting for reimbursement, to receive their compensation. We find that this measure is appropriate and fair as it codifies a 30-day reimbursement timeline and provides a remedy for employees who do not get reimbursed within the timeframe, which is especially necessary for employees who accrue and pay the interest on their credit cards due to these travel cost.

Thank you for the opportunity to provide testimony in strong support of H.B. 163.

Respectfully submitted,

Randy Perreira
Executive Director

HB-163

Submitted on: 2/5/2025 1:44:22 PM

Testimony for LAB on 2/6/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Justin Delos Reyes	Individual	Oppose	Written Testimony Only

Comments:

Testimony Opposing HB163: Reimbursement of Public Officers and Employees

Aloha Chair, Vice Chair, and members of the Committee,

My name is Justin Delos Reyes, and I am a 20-year employee of the Hawaii State Department of Education (DOE). I am writing in strong opposition to HB163, relating to the reimbursement of public officers and employees. This bill, as written, fails to address the fundamental problem: Why is the State of Hawaii, or any county government, relying on its employees to front the costs of conducting state business? Why do we lack systems that ensure timely and complete reimbursement, without placing an undue financial burden on public servants?

I have personally experienced the significant hardships caused by the state's broken travel reimbursement system. On two separate occasions, I was forced to effectively loan the state money to cover necessary travel expenses, and both times, I encountered major obstacles in getting reimbursed.

In 2016, I accompanied four students and a chaperone to a Drivers Ed competition in Sacramento. The trip was approved, and upon our return, I immediately submitted the required reimbursement paperwork. Despite the DOE claiming a 6-week processing time, it took nearly two years of repeated delays, testifying before the Board of Education, and contacting my state representative to finally receive reimbursement. This delay forced me to carry a balance of over \$4,000, accruing \$1,800 in interest charges. Current policies prevented me from being reimbursed for any of that interest, leaving me significantly out of pocket.

More recently, in 2023, I attended a conference on behalf of the DOE. Upon submitting my reimbursement request, I was asked to provide my personal credit card statement. I refused, citing concerns about privacy and financial security, as it is a joint account with my spouse. While I provided all receipts and invoices related to the travel expenses, the department initially refused to process my reimbursement until I again contacted my state representative for assistance.

These experiences highlight the critical flaws in the current system and why HB163 is insufficient. Even if reimbursement is received within 30 days, as the bill proposes, employees are still likely to incur interest charges on their credit cards, typically ranging from 18% to 29%.

The proposed 9% interest payment under HB163 barely covers a fraction of the actual interest accrued. This does not make employees whole.

The State of Hawaii should not be operating on loans from its employees. We deserve a system that ensures prompt and complete reimbursement for all necessary travel expenses, including any interest incurred due to delays. HB163 does not address this core issue and, therefore, I urge you to reject this bill. Thank you for your time and consideration.