

JAN 21 2026

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# A BILL FOR AN ACT

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RELATING TO CAFETERIA PLANS.

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

1       SECTION 1. Section 78-30, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:  
3       "(a) Each chief executive may establish a wage and salary  
4 reduction benefit program which qualifies as a cafeteria plan  
5 within the meaning of section 125 of the Internal Revenue Code  
6 of 1986, as amended~~[-]~~; provided that the maximum salary  
7 reduction contribution and maximum carryover amount for any  
8 flexible spending account plan established pursuant to this  
9 section shall be set annually in accordance with the inflation-  
10 adjusted maximum amounts prescribed by the Internal Revenue  
11 Service for that calendar year. The cafeteria plan shall allow  
12 eligible employees to elect to reduce their pretax compensation  
13 in return for payment by the jurisdiction of the expenses of  
14 eligible benefits."


15       SECTION 2. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be "R. J. ...", is written over a horizontal line.

# S.B. NO. 2122

**Report Title:**

Cafeteria Plans; Wage and Salary Reduction Benefit Programs;  
Flexible Spending Accounts; Public Service; Maximum  
Contributions; Carryover Limits

**Description:**

Specifies that the maximum contribution and carryover amounts for a public service flexible spending account plan shall be set in accordance with the annual limits prescribed by the Internal Revenue Service for cafeteria plans.

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