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# A BILL FOR AN ACT

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 maximum  
10 amounts prescribed by the Internal Revenue Service for that  
11 calendar year. The cafeteria plan shall allow eligible  
12 employees to elect to reduce their pretax compensation in return  
13 for payment by the jurisdiction of the expenses of eligible  
14 benefits."

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 Statutory material to be repealed is bracketed  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

17 SECTION 3. This Act shall take effect on January 1, 2077.



S.B. NO. 2122  
S.D. 1

**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. Effective 1/1/2077. (SD1)

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