

STAND. COM. REP. NO. **3641**

Honolulu, Hawaii

APR 09 2026

RE: H.B. No. 1661
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1661, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CAFETERIA PLANS,"

begs leave to report as follows:

The purpose and intent of this measure is to align the State's flexible spending account program with federal standards governing cafeteria plans.

More specifically, this measure requires the maximum contribution and carryover amounts for a public service flexible spending account plan to be set annually in accordance with the maximum amounts allowed under section 125 of the Internal Revenue Code.

Your Committee received written comments in support of this measure from the Hawaii Government Employees Association and United Public Workers.

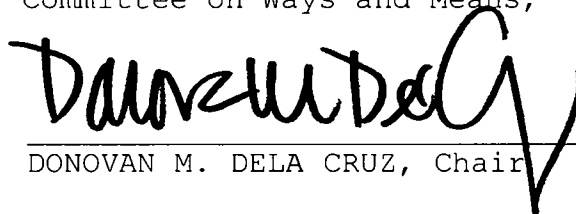
Your Committee received written comments on this measure from the Department of Human Resources Development, City and County of Honolulu Department of Human Resources, and Tax Foundation of Hawaii.



Your Committee finds that public employees rely on flexible spending accounts to set aside pre-tax income for eligible medical and dependent care expenses, reducing their taxable income and helping manage routine costs. Your Committee also finds that under current law, the State's maximum contribution and carryover limits are lower than the federal standards, which may restrict employees' ability to fully benefit from these programs and may create confusion when state and federal rules differ. Your Committee believes that aligning state provisions with federal standards will promote administrative consistency, ensure compliance, and provide equitable treatment of employees participating in the State's flexible spending account program.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1661, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

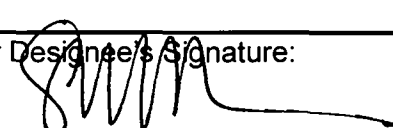
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1661, HDI, SDI	LBT, WAM	4/6/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris				X
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	12	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes