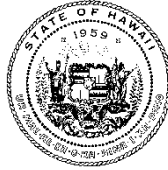


JOSH B. GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



BONNIE KAHAKUI  
ADMINISTRATOR  
  
DAYNA OMIYA  
ASSISTANT ADMINISTRATOR

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

TO THE SENATE COMMITTEES  
ON  
LABOR AND TECHNOLOGY  
AND  
GOVERNMENT OPERATIONS  
March 25, 2026, 3:00 p.m.

HOUSE BILL 1663, HD2  
RELATING TO REIMBURSEMENT OF PUBLIC OFFICERS AND EMPLOYEES

Chair Elefante, Chair McKelvey, Vice Chair Lamosao, Vice Chair Gabbard, and members of the committees, thank you for the opportunity to submit testimony on House Bill 1663, HD2. The State Procurement Office (SPO) appreciates the incorporation of SPO's recommended language for the requirement to provide detailed expenditure and related receipts and would like to provide additional comments and recommendations.

**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 would only apply if the employee submits all required documentation in a timely manner.

Furthermore, pursuant to Section 103-10 of the Hawaii Revised Statutes, the interest rate for obligations related to goods delivered or services performed that remain unpaid after 30 days is the prime rate for each calendar quarter plus two percent. The interest rate is adjusted quarterly using the prime rate posted in the Wall Street Journal on the first business day of the month preceding the calendar quarter. The Comptroller of the Department of Accounting and General Services issues quarterly memoranda that specify the applicable quarterly interest rate for late vendor payments and explain how the interest is calculated. Therefore, for consistency, payment to employees should follow the same calculation method.

## Recommendations

The SPO recommends the following revisions to Section 1, Page 3, lines 8-21; and Page 4, lines 1-17:

"(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 submits an approved statement of completed travel or similar document with detailed expenditure and related receipts.

If the State or county is unable to reimburse the officer or employee within thirty calendar days of when the officer or employee submits an approved statement of completed travel or similar document, the State or county shall pay interest, **as determined by the Comptroller** [~~of \_\_\_\_\_ per cent~~] of the total amount owed to the officer or employee until the loan is fully reimbursed. [~~Interest shall be compounded every thirty days.~~]

(h) Whenever an officer or employee affirmatively agrees to loan the State or county the money in accordance with subsection (b) and in the event the officer's or employee's approved travel is canceled, or if the officer or employee can no longer participate in the approved travel through no fault of their own, the officer or employee shall attempt to obtain a complete refund on all approved travel costs from the vendor. However, if a vendor refund is not available, then the officer or employee shall be entitled to reimbursement from the State or a county with detailed expenditure and related receipts on the authorized portion of the travel only. If the officer or employee receives only a partial refund on the approved total cost from the vendor, then the officer or employee shall be entitled to reimbursement from the State or a county based, **excluding any personal deviation costs,** on the difference between the approved total cost of the travel and the amount reimbursed by the vendor with detailed expenditures and related receipts."

Pursuant to Section 103-10, Hawaii Revised Statutes (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.

Attachment: [Comptroller's Memoranda 2025-26 – Quarterly Interest Rate for Late Vendor Payments](#)

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

December 2, 2025

**COMPTROLLER'S MEMORANDUM NO. 2025-26**

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, 2026 and ending March 31, 2026, will be 9.00% 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:

Interest Due = (Daily Rate of Interest) X (Days in Excess of 30) X (Payment Amount)

Daily Rate of Interest = Current Interest Rate / 365 days

Days in Excess of 30 = 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

THE SENATE  
KA 'AHA KENEKOA  
THE THIRTY-THIRD LEGISLATURE  
REGULAR SESSION OF 2026

**COMMITTEE ON LABOR AND TECHNOLOGY**

Senator Brandon J.C. Elefante, Chair  
Senator Rachele Lamosao, Vice Chair

**COMMITTEE ON GOVERNMENT OPERATIONS**

Senator Angus L.K. McKelvey, Chair  
Senator Mike Gabbard, Vice Chair

Wednesday, March 25, 2026, 3:00 PM  
Conference Room 225 & Videoconference

**Re: Testimony on HB1663, HD2 – RELATING TO REIMBURSEMENT OF PUBLIC OFFICERS AND EMPLOYEES**

Chairs Elefante and McKelvey, Vice Chairs Lamosao and Gabbard, 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 **strongly supports** HB1663, HD2, which requires the State or a county to reimburse an officer or employee for work-related travel costs that the officer or employee loaned to the State or a county within thirty calendar days of submitting an approved Statement of Completed Travel. This measure also requires the State or a county to pay interest on a loan not reimbursed within thirty days until the loan is fully reimbursed.

Due to the type of work UPW members perform, which typically involves the use of state or county-owned vehicles, there are only a handful of job classifications that, under certain conditions, are authorized to receive mileage reimbursement. While those members rarely experience issues with receiving their mileage reimbursement within thirty calendar days, we understand that many public employees are not as fortunate.

Given the current provisions in the Hawaii Revised Statutes regarding the recovery of indebtedness (when an employee is overpaid), we believe that this bill provides public employees reciprocal rights when they are not repaid in a timely manner.

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

**HEADQUARTERS**

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Toll Free - Molokai/Lanai only



The Senate Committees on Labor and Technology and Government Operations  
March 25, 2026  
Room 225  
3:00 PM

**RE: HB 1663 HD2, Relating to Reimbursement of Public Officers and Employees**

Attention: Chairs Brandon J.C. Elefante and Angus L.K. McKelvey, Vice Chairs Rachele Lamosao and Mike Gabbard, Members of the Committees

The University of Hawaii Professional Assembly (UHPA), the exclusive bargaining representative for all University of Hawai'i faculty members across Hawai'i's statewide 10-campus system, **supports HB 1663 HD2 with amendments.**

Faculty members frequently incur significant personal expenses for official research and professional development travel, effectively providing interest-free loans to the State while often facing unreasonable administrative delays in repayment. This bill addresses these inefficiencies by establishing a mandatory 30-day timeline for reimbursement and imposing interest penalties on the employer for failing to meet that deadline.

**Reconsider the Undefined "Fault" Standard for Canceled Travel.** While we appreciate the intent to protect employees from financial loss when travel is canceled, UHPA has concerns regarding the language added to subsection (h) in the HD1 draft and preserved in the HD2 draft. The current draft dictates that an employee is only eligible for reimbursement if they can no longer participate in the approved travel "through no fault of their own." The bill leaves the word "fault" undefined, introducing a highly subjective concept that shifts the burden of proof entirely onto the employee. Because it lacks a clear statutory definition, the determination of "fault" is left to the subjective interpretation of an employer's administration or accounting department. Under a strict administrative interpretation, a faculty member who misses a non-refundable flight due to a sudden medical emergency, a family crisis, or severe traffic gridlock could be arbitrarily denied reimbursement simply because the employer deems the cancellation was their "fault." Frontline faculty who advance personal funds for official state business should not be forced to bear this financial risk based on an undefined and subjective standard.

Rather than utilizing this punitive "fault" standard, **we respectfully request that the Committee amend Section 1, subsection (h) to utilize a broader, legally established standard of reasonableness—such as allowing reimbursement if the employee cannot participate "for a legitimate reason" or "for good cause."** This approach ensures financial accountability for the State while protecting employees from being arbitrarily penalized for genuine, unforeseen emergencies.

University of Hawaii  
Professional Assembly

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Website: [www.uhpa.org](http://www.uhpa.org)



**With this amendment, UHPA supports the passage of HB 1663 HD2.**

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Fern'.

Christian L. Fern  
Executive Director  
University of Hawaii Professional Assembly



## 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 Senate  
Committee on Labor and Technology  
Committee on Government Operations

Testimony by  
Hawaii Government Employees Association

March 25, 2026

### H.B. 1663, H.D. 2 — 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. 1663, H.D. 2, which requires the State or a county to reimburse an officer or employee for work-related travel costs that the officer or employee loaned to the State or a county within thirty calendar days of submitting an approved Statement of Completed Travel, and requires the State or a county to pay interest on a loan not reimbursed within thirty days 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 inter-island, out-of-state, or using their personal vehicle to travel within an island. To purchase the necessary plane tickets, lodging, and transportation, among others, many of 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. Many of our members put this cost on their credit cards which they accrue interest on and must pay. We will be frequently notified by our members about the untimely or pending reimbursement – often citing that they at least wait two to three months, after submitting for reimbursement once their travel is complete, to receive their compensation.

This measure is appropriate and fair as it codifies a thirty-day reimbursement timeline and provides a remedy for employees who do not get reimbursed within thirty days. This is especially necessary for employees who accrue and pay interest on their credit cards due to these travel cost.

**Furthermore, we respectfully request the following amendment:**

- Delete the phrase “through no fault of their own” on Page 4, Line 5 to 6.

The term **‘fault’** is subjective. This may create a problematic situation where an employee is denied reimbursement because they must cancel their non-refundable travel due to a sudden medical emergency or family crisis because the employer determined it was their **‘fault’**.

Thank you for the opportunity to provide testimony in strong support of H.B. 1663, H.D. 2.

Respectfully submitted,

Randy Perreira  
Executive Director