

ACT 81

H.B. NO. 2519

A Bill for an Act Relating to Flexible Spending Accounts.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 78, Hawaii Revised Statutes, is amended by adding to part II a new section to be appropriately designated and to read as follows:

“§78- Flexible spending accounts. (a) As used in this section:

- (1) “Contributions” means the employee pretax compensation reductions contributed to the plan; and
- (2) “Flexible spending accounts” and the “plan” mean a flexible spending accounts plan for state employees authorized by section 125 of the Internal Revenue Code of 1986, as amended, and established in accordance with this part.

(b) In addition to any other powers and duties authorized by law, the department or agency charged with administration of the flexible spending accounts may enter into all contracts necessary to establish, administer, or maintain the plan.

(c) The contributions, interest earned, and forfeited participant balances of the plan shall be held in trust for the benefit of the participants and the plan. The department or agency charged with administration of the plan may hold these funds in trust outside the state treasury.

(d) The contributions, interest earned, and forfeited participant balances shall not be subject to the general creditors of the State.

(e) The interest earned and forfeited participant balances shall be used to defray participant fees and other administrative costs as determined by the department or agency charged with administration of the plan.”

SECTION 2. New statutory material is underscored.¹

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

(Approved April 27, 2000.)

Note

1. Edited pursuant to HRS §23G-16.5.