STAND. COM. REP. NO. 479 -06

Honolulu, Hawaii

Fe 717, 2006

RE: H.B. No. 3089 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 3089 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC EMPLOYEES' TRUST FUND,"

begs leave to report as follows:

The purpose of this bill is to address costs of other post employment benefits other than pensions, such as health care costs, that under the new standards established by the Government Accounting Standards Board (GASB) Statements 43 and 45, need to be included in employer financial statements.

Specifically, this bill:

- (1) Establishes a Public Employers' Trust Fund (PETF) and a Board of Trustees to offset costs incurred by the State to fund public employee health benefit costs;
- (2) Appropriates monies to the PETF; and
- (3) Prohibits the tapping of monies in the PETF until the PETF's principal reaches \$1,000,000,000.

The Department of Accounting and General Services opposed this bill. The Department of Budget and Finance, Hawaii Employer-Union Health Benefits Trust Fund, and Hawaii Government Employees Association submitted comments.

HB3089 HD1 HSCR LAB HMS 2006-2043

The state's audited financial report must meet standards set forth by GASB. Your Committee finds that new standards established by GASB Statements 43 and 45 will have a profound effect on the State's financial statements.

However, while the PETF is meant to address the costs of other post employment benefits that will soon be necessary to include in an employer's financial statement, your Committee has been informed that the PETF may not meet the standards established by GASB. However, the importance of this issue warrants further discussion.

Accordingly, your Committee has amended this measure by changing its effective date to July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3089, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3089, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Labor & Public Employment,

KIRK CALDWELL, Chair

State of Hawaii House of Representatives The Twenty-third Legislature

HSCR 479

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.:	Date:	- 1 0		
нв 3089	7	2-14-0		
Committee Referral: LAB, FIN	☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended	Pass, with amendments			
Hold	□ Re	ecommit		
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. CALDWELL, Kirk (C)	1			
2. NAKASONE, Bob (VC)				
3. CHONG, Pono	1			
4. ITO, Ken	/			
5. OSHIRO, Marcus R.	V			
6. SHIMABUKURO, Maile S. L.				
7. SOUKI, Joseph M.	,			
8. MEYER, Colleen Rose				
9. STEVENS, Anne V.		\ \ \		
TOTAL	7	(
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s) Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				