STAND. COM. REP. NO. 2210

Honolulu, Hawaii

FEB 1 5 2012

RE: S.B. No. 2753 S.D. 1

Honorable Shan S. Tsutsui President of the Senate Twenty-Sixth State Legislature Regular Session of 2012 State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred S.B. No. 2753 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Hawaii Employer-Union Health Benefits Trust Fund to create a trust fund for the purpose of receiving employer contributions that will prefund post-employment health and other benefits costs for retirees and their beneficiaries.

Your Committee received testimony in support of this measure from the Department of the Attorney General; the Department of Budget and Finance; the Department of Budget & Fiscal Services of the City and County of Honolulu; the Finance Department of the County of Hawaii; the Hawaii State Teachers Association; and the United Public Workers, AFSCME Local 646, AFL-CIO.

Your Committee finds that an audit of the Hawaii Employer-Union Health Benefits Trust Fund concluded that the trust fund does not have a separate trust fund that meets the requirements of the Government Accounting Standards Board regarding other postemployment benefits trusts. Specifically, an other postemployment benefits trust must have the specific criteria of irrevocability of contributions, dedication of plan assets to paying benefits in accordance with the plan, and legal protection of the plan assets from creditors. Currently, several counties

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have made pre-funded contributions toward other post-employment benefits, but are unable to receive credit for the contributions because an established trust fund does not exist that meets the Government Accounting Standards Board requirements for other post-employment benefits plans. As such, this measure is intended to provide the means for these types of contributions that complies with the Government Accounting Standards Board's requirements.

Your Committee has amended this measure by:

- (1) Adding language suggested by the Department of the Attorney General that clarifies that this measure is not intended to bind the State or the counties to make contributions to the Hawaii Employer-Union Health Benefits Trust Fund, but only to establish a separate trust fund in accordance with the Government Accounting Standards Board requirements; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2753, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2753, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Judiciary and Labor,

CLAYTON HEE, Chair

## The Senate Twenty-Sixth Legislature State of Hawai'i

## Record of Votes Committee on Judiciary and Labor JDL

I I	Committee Referral: Date: /			
SB 2753 JDL, WAM 2/8/12				
The committee is reconsidering its previous decision on this measure.				
If so, then the previous decision was to:				
The Recommendation is:				
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)				
SHIMABUKURO, Maile (VC)	~			
GABBARD, Mike	-			· · · · · · · · · · · · · · · · · · ·
IHARA, Jr., Les				
SLOM, Sam				~
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TOTAL	4			/
Recommendation:  Adopted  Not Adopted				
Chair's or Designee's Signature				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

<sup>\*</sup>Only one measure per Record of Votes