STAND. COM. REP. NO.

1165

Honolulu, Hawaii March 72, 2013

RE: S.B. No. 946 S.D. 1 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 946, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RESOLVING THE UNFUNDED LIABILITIES OF THE STATE AND THE COUNTIES,"

begs leave to report as follows:

The purpose of this measure is to manage the unfunded liabilities of the Hawaii Employer-Union Health Benefits Trust Fund by, among other things:

- Requiring the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund to establish a separate trust fund for public employer contributions, with separate accounts for each employer;
- (2) Establishing an annual required contribution that public employers must pay into the separate trust fund;
- (3) Requiring the use of a portion of the general excise tax revenues to supplement deficient state public employer contribution amounts;
- (4) Requiring the use of a portion of the transient accommodations tax revenues to supplement deficient county public employer contributions;



STAND. COM. REP. NO. Page 2

- (5) Authorizing the Director of Finance to supplement deficient public employer contributions from other revenues or funds collected on behalf of the public employer or held by the State; and
- (6) Requiring the Director of Finance to submit an implementation plan to have both the Hawaii Employer-Union Health Benefits Trust Fund and the Employees' Retirement System jointly share investment information and services.

The Department of Budget and Finance and Building Industry Association of Hawaii supported this measure. The Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees and the Employees' Retirement System Board of Trustees supported the intent of this measure. The Department of Budget and Fiscal Services of the City and County of Honolulu and the Finance Department of the County of Hawaii opposed this measure. Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by deleting its contents and inserting in its place the contents of H.B. No. 546, H.D. 2, and H.B. No. 1459, H.D. 2, which are currently under consideration by the Senate. The contents of these two measures also address the problem of the unfunded liabilities of the Hawaii Employer-Union Health Benefits Trust Fund by, among other things:

- (1) Establishing the Hawaii Employer-Union Health Benefits Trust Fund Task Force to examine the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund and requiring the Task Force to report its findings, recommendations, and implementing draft legislation to the 2014 Legislature; and
- (2) Establishing the Hawaii Employer-Union Health Benefits Trust Fund Captive Insurance Company to more effectively manage the administration and financing of the current and potential future employee health benefit obligations of the State and county governments.

In addition, your Committee has further amended this measure by:

 Removing the State's chief negotiator from the Task Force and adding a member to be appointed by the Governor;

SB946 HD1 HSCR LAB HMS 2013-2807

STAND. COM. REP. NO. N65 Page 3

(2) Inserting a severability clause;

SB946 HD1 HSCR LAB HMS 2013-2807

- (3) Changing its effective date to July 1, 2113, to promote further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 S.B. No. 946, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 946, S.D. 1, 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,

MARK M. NAKASHIMA, Chair



State of Hawaii House of Representatives The Twenty-seventh Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 946, SD1	Committee Referral: LAB_FIN		Date: 3/15/2013	
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Image: Pass, unamended (as is) Image: Pass, with amendments (HD) Image: Hold Image: Pass short form bill with HD to recommit for future public hearing (recommit) Image: Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	X			
2. HASHEM, Mark J. (VC)				
3. AQUINO, Henry J.C.	V			
		and the		
4. ICHIYAMA, Linda				
5. ING, Kaniela				
6. TAKUMI, Roy M.	\checkmark			
7. YAMANE, Ryan I.				
8. YAMASHITA, Kyle T.		\sim		
9. JOHANSON, Aaron Ling				
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TOTAL (9)	6	3	0	0
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				