

JAN 24 2013

---

# A BILL FOR AN ACT

---

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

SECTION 1. Section 87A-42, Hawaii Revised Statutes, is  
amended to read as follows:

" ~~[+]~~ §87A-42 ~~[+]~~ Other post-employment benefits trust. (a)

Notwithstanding sections 87A-31 and 87A-31.5, the board, upon  
terms and conditions set by the board, may establish and  
administer a separate trust fund for the purpose of receiving  
employer contributions that will prefund other post-employment  
health and other benefit plan costs for retirees and their  
beneficiaries. If a fund is established, it shall meet the  
requirements of the Government Accounting Standards Board  
regarding other post-employment benefits trusts. Employer  
contributions to the separate trust fund shall be irrevocable,  
all assets of the fund shall be dedicated exclusively to  
providing health and other benefits to retirees and their  
beneficiaries, and assets of the fund shall not be subject to  
appropriation for any other purpose and shall not be subject to  
claims by creditors of the employers or the board or plan

S.B. NO. 1032

1 administrator. The board's powers under section 87A-24 shall  
2 also apply to any fund established pursuant to this section.

3 (b) If the board establishes a separate trust fund, as  
4 described in subsection (a), monthly contributions shall be made  
5 to the separate trust fund as follows:

6 (A) The State, but not the counties, shall, contribute to  
7 the separate trust fund \$1 for each active State  
8 employee to prefund other post-employment health and  
9 other benefit plan costs for retirees and their  
10 beneficiaries.

11 (B) Each active State employee enrolled in a health  
12 benefits plan provided under this chapter shall,  
13 contribute to the separate trust fund \$1 to prefund  
14 other post-employment health and other benefit plan  
15 costs for retirees and their beneficiaries. State  
16 employees shall have the option of making this monthly  
17 contribution in a pre-taxed or post-taxed manner."

18 SECTION 2. This Act shall not require the counties or  
19 their employees to make any particular level of contributions to  
20 the Hawaii employer-union health benefits trust fund now or in  
21 the future, but only requires that the State and its employees  
22 pay to the Hawaii employer-union health benefits trust fund

S.B. NO. 1032

1 contributions for purposes of prefunding other post-employment  
2 benefits.

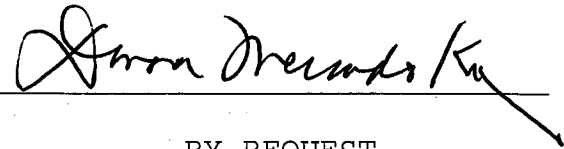
3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.

5

6

INTRODUCED BY:



7

BY REQUEST

**Report Title:**

Employer-Union Health Benefits Trust Fund; Other Post-Employment Benefits Trust

**Description:**

Requires the State of Hawaii and its employees, but not the counties and their employees, to make monthly contributions to the Hawaii employer-union health benefits trust fund separate trust fund established to prefund other post-employment benefits if such a fund is established.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII  
EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND.

PURPOSE: To require the pre-funding of Other  
Post-Employment Benefits for State employee-  
beneficiaries of the Hawaii employer-union  
health benefits trust fund.

MEANS: Amend section 87A-42, Hawaii Revised  
Statutes.

JUSTIFICATION: The purpose of this bill is to establish  
statutory language that would require the  
pre-funding of Other Post-Employment  
Benefits (OPEB) for state employees.  
Currently, the State does not pre-fund a  
corpus to pay for retiree health benefit  
expenses, and the current status of the  
State's unfunded liability is growing at an  
accelerated pace. This condition is  
impacting the State's credit rating and  
financial position. Without any action the  
growth in the unfunded liability will  
continue to require ever increasing employer  
contributions as the cost of providing  
health benefits continues to rise. The bill  
would require the State (employer) and each  
active State employee-beneficiary to  
contribute \$1 each month to establish a  
corpus solely dedicated to pay for retiree  
health benefits. The bill does not require  
the counties to participate.

Impact on the public: None.

Impact on the department and other agencies:  
None.

GENERAL FUND: To be determined.

OTHER FUNDS: To be determined.

SB. NO. 1032

PPBS PROGRAM  
DESIGNATION:

None.

OTHER AFFECTED  
AGENCIES:

Department of Budget and Finance.

EFFECTIVE DATE:

Upon approval.