

STAND. COM. REP. NO.

836

Honolulu, Hawaii

March 7, 2017

RE: H.B. No. 887
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 887
entitled:

"A BILL FOR AN ACT RELATING TO UNFUNDED LIABILITIES,"

begs leave to report as follows:

The purpose of this measure is to address the State's
unfunded liabilities by:

- (1) Establishing the Rate Stabilization Reserve Fund to stabilize the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) when there is insufficient money to cover the costs of providing benefits for retirees and their beneficiaries;
- (2) Capping the employer contributions to the Other Post-Employment Benefits (OPEB) Trust Fund when the separate accounts for each public employer within the fund have a combined balance of at least \$2,000,000,000; and
- (3) Requiring that the excess balances at the end of each fiscal year above \$2,000,000,000, for both the EUTF and OPEB trust funds be transferred to the Rate Stabilization Reserve Fund.



One concerned individual supported this measure. The Department of Budget and Finance, Hawaii Employer-Union Health Benefits Trust Fund, and one concerned individual provided comments.

Your Committee has amended this measure by:

- (1) Allowing the Rate Stabilization Reserve Fund to also cover the costs of providing health and other benefit plans for active employees;
- (2) Specifying that once the separate accounts for each public employer within the separate trust fund have a combined balance of at least \$2,000,000,000, then \$300,000,000 of public employer annual contributions shall be paid to the Employees' Retirement System;
- (3) Specifying that transient accommodations tax revenues may be used in any fiscal year where county public employers' contributions are less than the annual amount required;
- (4) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 887, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



