STAND. COM. REP. NO.

Honolulu, Hawaii

February 8

RE: H.B. No. 1462 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1462 entitled:

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

begs leave to report as follows:

The purpose of this measure is to address health and pension unfunded liabilities in the State by:

- (1) Requiring the State Auditor to study the feasibility of providing health benefits to state and county employees using a self-insured model; and submit a report of its findings, recommendations, and any proposed legislation to the Legislature prior to the 2020 Regular Session;
- (2) Appropriating funds for associated costs related to the study and report by the State Auditor;
- (3) Establishing a Rate Stabilization Reserve Fund (Reserve Fund) to cover the costs of providing health and other benefit plans for active employees and retirees and their beneficiaries at times when the Other Post-Employment Benefits (OPEB) Trust Fund has insufficient money;

- (4) Capping public employer contributions to the OPEB Trust Fund once the separate accounts for each public employer within the Trust Fund have a combined subaccount balance of at least \$2,000,000,000;
- (5) Transferring any investment income and interest in excess of \$2,000,000,000 at the end of each fiscal year from the OPEB and Hawaii Employer-Union Health Benefits Trust Funds to the Reserve Fund; and
- (6) Providing for the use of a portion of Transient Accommodations Tax revenues to supplement deficient county public employer contribution amounts.

Strategy for Hawaii-Western Management Group and an individual testified in support of this measure. The Office of the Auditor, Hawaii Employer-Union Health Benefits Trust Fund, Department of Budget and Finance, and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by changing its effective date to January 1, 2050, to facilitate 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. 1462, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1462, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

AARON LINC JOHANSON, Chair

State of Hawaii House of Representatives The THIRTIETH Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.:	Committee Referral:	Date:	. 1 . 1 . 0	
HB 1462	LAB, CPC, FIN		2/5/19	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. JOHANSON, Aaron Ling (C)				
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2. ELI, Stacelynn K.M. (VC)				
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4. KITAGAWA, Lisa				manta di Santa di Sa
5. McKELVEY, Angus L.K.		u i i i i i i i i i i i i i i i i i i i	and Amilian depth of the second	<u> Hay trian</u>
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6. QUINLAN, Sean				
7. YAMASHITA, Kyle T.		and the state of t		
8. MATSUMOTO, Lauren			attention and the state of the	<u> 1800 - Paris III dan arabahan dan dan dan dan bertabahan dan bertabahan dan bertabahan dan bertabahan dan bertabahan bertabahan dan bertabahan dan bertabahan dan bertabahan dan bertabahan bertabahan dan bertabahan </u>
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TOTAL (8)	7			1
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				