



GOV. MSG. NO. 1357

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 6, 2021

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 6, 2021, the following bill was signed into law:

HB0468 HD1 SD1 CD1

RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND
ACT 229 (21)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor
on JUL 06 2021
HOUSE OF REPRESENTATIVES
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

ACT 229
H.B. NO. 468
H.D. 1
S.D. 1
C.D. 1

A BILL FOR AN ACT

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

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

1 SECTION 1. The purpose of this Act is to temporarily
2 suspend the requirement for public employers to make annual
3 required contributions to the Hawaii Employer-Union Health
4 Benefits Trust Fund through fiscal year 2022-2023.

5 SECTION 2. Section 87A-24, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "~~§87A-24~~ **Other powers.** In addition to the power to
8 administer the fund, the board may:

- 9 (1) Collect, receive, deposit, and withdraw money on
10 behalf of the fund;
11 (2) Invest moneys in the same manner specified in
12 section 88-119;
13 (3) Hold, purchase, sell, assign, transfer, or dispose of
14 any securities or other investments of the fund, as
15 well as the proceeds of those investments and any
16 money belonging to the fund;



- 1 (4) Appoint, and at pleasure dismiss, an administrator and
2 other fund staff. The administrator shall be exempt
3 from chapter 76. Other fund staff may be exempt from
4 chapter 76 as determined by the board. The
5 administrator and staff who are exempt from chapter 76
6 shall serve under and at the pleasure of the board;
7 provided that civil service exempt positions under
8 this section that are created after July 1, 2014,
9 shall be exempt from section 76-16(b)(17)(A);
- 10 (5) Make payments of periodic charges and pay for
11 reasonable expenses incurred in carrying out the
12 purposes of the fund;
- 13 (6) Contract for the performance of financial audits of
14 the fund and claims audits of its insurance carriers;
- 15 (7) Retain auditors, actuaries, investment firms and
16 managers, benefit plan consultants, or other
17 professional advisors to carry out the purposes of
18 this chapter~~[, including the retaining of an actuary~~
19 ~~to determine the annual required public employer~~
20 ~~contribution for the separate trust fund established~~
21 ~~under section 87A-42];~~



1 (8) Establish health benefits plan and long-term care
2 benefits plan rates that include administrative and
3 other expenses necessary to effectuate the purposes of
4 the fund; and

5 (9) Require any department, agency, or employee of the
6 State or counties to furnish information to the board
7 to carry out the purposes of this chapter."

8 SECTION 3. Section 87A-42, Hawaii Revised Statutes, is
9 amended to read as follows:

10 **"§87A-42 Other post-employment benefits trust. [-(a)]**

11 Notwithstanding sections 87A-31 and 87A-31.5, the board, upon
12 terms and conditions set by the board, shall establish and
13 administer a separate trust fund for the purpose of receiving
14 employer contributions that will prefund other post-employment
15 health and other benefit plan costs for retirees and their
16 beneficiaries. The separate trust fund shall meet the
17 requirements of the Governmental Accounting Standards Board
18 regarding other post-employment benefits trusts. The board
19 shall establish and maintain a separate account for each public
20 employer within the separate trust fund to accept and account
21 for each public employer's contributions. Employer



1 contributions to the separate trust fund shall be irrevocable,
2 all assets of the fund shall be dedicated exclusively to
3 providing health and other benefits to retirees and their
4 beneficiaries, and assets of the fund shall not be subject to
5 appropriation for any other purpose and shall not be subject to
6 claims by creditors of the employers or the board or plan
7 administrator. The board's powers under section 87A-24 shall
8 also apply to the fund established pursuant to this section.

9 ~~[(b) Public employer contributions shall be paid into the~~
10 ~~fund in each fiscal year, and commencing with the 2018-2019~~
11 ~~fiscal year, the amount of the annual public employer~~
12 ~~contribution shall be equal to the amount of the annual required~~
13 ~~contribution, as determined by an actuary retained by the board.~~

14 ~~(c) In any fiscal year subsequent to the 2017-2018 fiscal~~
15 ~~year in which the state public employer's contributions into the~~
16 ~~fund are less than the amount of the annual required~~
17 ~~contribution, the amount that represents the excess of the~~
18 ~~annual required contribution over the state public employer's~~
19 ~~contributions shall be deposited into the appropriate account of~~
20 ~~the separate trust fund from a portion of all general excise tax~~



1 ~~revenues collected by the department of taxation under~~
2 ~~section 237-31.~~

3 ~~If any general excise tax revenues are deposited into the~~
4 ~~separate trust fund in any fiscal year as a result of this~~
5 ~~subsection, the director of finance shall notify the legislature~~
6 ~~and governor whether the general fund expenditure ceiling for~~
7 ~~that fiscal year would have been exceeded if those revenues had~~
8 ~~been legislatively appropriated instead of deposited without~~
9 ~~appropriation into the trust fund. The notification shall be~~
10 ~~submitted within thirty days following the end of the applicable~~
11 ~~fiscal year.~~

12 ~~(d) In any fiscal year subsequent to the 2017-2018 fiscal~~
13 ~~year in which a county public employer's contributions into the~~
14 ~~fund are less than the amount of the annual required~~
15 ~~contribution, the amount that represents the excess of the~~
16 ~~annual required contribution over the county public employer's~~
17 ~~contributions shall be deposited into the fund from a portion of~~
18 ~~all transient accommodations tax revenues collected by the~~
19 ~~department of taxation under section 237D-6.5(b)(4). The~~
20 ~~director of finance shall deduct the amount necessary to meet~~
21 ~~the county public employer's annual required contribution from~~



1 ~~the revenues derived under section 237D-6.5(b)(4) and transfer~~
2 ~~the amount to the board for deposit into the appropriate account~~
3 ~~of the separate trust fund.~~

4 ~~(c) In any fiscal year subsequent to fiscal year 2017-2018~~
5 ~~in which a public employer's contributions into the fund are~~
6 ~~less than the amount of the annual required contribution and the~~
7 ~~public employer is not entitled to transient accommodations tax~~
8 ~~revenues sufficient to satisfy the total amount of the annual~~
9 ~~required contribution, the public employer's contributions shall~~
10 ~~be deposited into the fund from portions of any other revenues~~
11 ~~collected on behalf of the public employer or held by the State.~~
12 ~~The director of finance shall deduct the amount necessary to~~
13 ~~meet the public employer's annual required contribution from any~~
14 ~~revenues collected on behalf of the public employer held by the~~
15 ~~State and transfer the amount to the board for deposit into the~~
16 ~~appropriate account of the separate trust fund.~~

17 ~~(f) For the purposes of this section, "annual required~~
18 ~~contribution" means a public employer's required contribution to~~
19 ~~the trust fund established in this section that is sufficient to~~
20 ~~cover:~~



- 1 ~~(1) The normal cost, which is the cost of other post-~~
2 ~~employment benefits attributable to the current year~~
3 ~~of service; and~~
- 4 ~~(2) An amortization payment, which is a catch-up payment~~
5 ~~for past service costs to fund the unfunded actuarial~~
6 ~~accrued liability over the next thirty years.]"~~

7 SECTION 4. Section 237-31, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§237-31 Remittances.** All remittances of taxes imposed by
10 this chapter shall be made by money, bank draft, check,
11 cashier's check, money order, or certificate of deposit to the
12 office of the department of taxation to which the return was
13 transmitted. The department shall issue its receipts therefor
14 to the taxpayer and shall pay the moneys into the state treasury
15 as a state realization, to be kept and accounted for as provided
16 by law; provided that:

- 17 (1) A sum, not to exceed \$5,000,000, from all general
18 excise tax revenues realized by the State shall be
19 deposited in the state treasury in each fiscal year to
20 the credit of the compound interest bond reserve fund;
21 and



1 (2) A sum from all general excise tax revenues realized by
2 the State that is equal to one-half of the total
3 amount of funds appropriated or transferred out of the
4 hurricane reserve trust fund under sections 4 and 5 of
5 Act 62, Session Laws of Hawaii 2011, shall be
6 deposited into the hurricane reserve trust fund in
7 fiscal year 2013-2014 and in fiscal year 2014-2015;
8 provided that the deposit required in each fiscal year
9 shall be made by October 1 of that fiscal year ~~and~~
10 ~~{(3)} Commencing with fiscal year 2018-2019, a sum from all~~
11 ~~general excise tax revenues realized by the State that~~
12 ~~represents the difference between the state public~~
13 ~~employer's annual required contribution for the~~
14 ~~separate trust fund established under section 87A-42~~
15 ~~and the amount of the state public employer's~~
16 ~~contributions into that trust fund shall be deposited~~
17 ~~to the credit of the State's annual required~~
18 ~~contribution into that trust fund in each fiscal year,~~
19 ~~as provided in section 87A-42]."~~

20 SECTION 5. Section 237D-6.5, Hawaii Revised Statutes, is
21 amended by amending subsection (b) to read as follows:

1 "(b) Except for the revenues collected pursuant to
2 section 237D-2(e), revenues collected under this chapter shall
3 be distributed in the following priority, with the excess
4 revenues to be deposited into the general fund:

5 (1) \$1,500,000 shall be allocated to the Turtle Bay
6 conservation easement special fund beginning July 1,
7 2015, for the reimbursement to the state general fund
8 of debt service on reimbursable general obligation
9 bonds, including ongoing expenses related to the
10 issuance of the bonds, the proceeds of which were used
11 to acquire the conservation easement and other real
12 property interests in Turtle Bay, Oahu, for the
13 protection, preservation, and enhancement of natural
14 resources important to the State, until the bonds are
15 fully amortized;

16 (2) \$16,500,000 shall be allocated to the convention
17 center enterprise special fund established under
18 section 201B-8;

19 (3) \$79,000,000 shall be allocated to the tourism special
20 fund established under section 201B-11; provided that:



1 (A) Beginning on July 1, 2012, and ending on June 30,
2 2015, \$2,000,000 shall be expended from the
3 tourism special fund for development and
4 implementation of initiatives to take advantage
5 of expanded visa programs and increased travel
6 opportunities for international visitors to
7 Hawaii;

8 (B) Of the \$79,000,000 allocated:
9 (i) \$1,000,000 shall be allocated for the
10 operation of a Hawaiian center and the
11 museum of Hawaiian music and dance; and
12 (ii) 0.5 per cent of the \$79,000,000 shall be
13 transferred to a sub-account in the tourism
14 special fund to provide funding for a safety
15 and security budget, in accordance with the
16 Hawaii tourism strategic plan 2005-2015; and

17 (C) Of the revenues remaining in the tourism special
18 fund after revenues have been deposited as
19 provided in this paragraph and except for any sum
20 authorized by the legislature for expenditure
21 from revenues subject to this paragraph,



1 beginning July 1, 2007, funds shall be deposited
2 into the tourism emergency special fund,
3 established in section 201B-10, in a manner
4 sufficient to maintain a fund balance of
5 \$5,000,000 in the tourism emergency special fund;

6 (4) \$103,000,000 shall be allocated as follows: Kauai
7 county shall receive 14.5 per cent, Hawaii county
8 shall receive 18.6 per cent, city and county of
9 Honolulu shall receive 44.1 per cent, and Maui county
10 shall receive 22.8 per cent~~[, provided that commencing~~
11 ~~with fiscal year 2018-2019, a sum that represents the~~
12 ~~difference between a county public employer's annual~~
13 ~~required contribution for the separate trust fund~~
14 ~~established under section 87A-42 and the amount of the~~
15 ~~county public employer's contributions into that trust~~
16 ~~fund shall be retained by the state director of~~
17 ~~finance and deposited to the credit of the county~~
18 ~~public employer's annual required contribution into~~
19 ~~that trust fund in each fiscal year, as provided in~~
20 ~~section 87A-42, if the respective county fails to~~



1 ~~remit the total amount of the county's required annual~~
2 ~~contributions, as required under section 87A-43]; and~~

3 (5) \$3,000,000 shall be allocated to the special land and
4 development fund established under section 171-19;
5 provided that the allocation shall be expended in
6 accordance with the Hawaii tourism authority strategic
7 plan for:

8 (A) The protection, preservation, maintenance, and
9 enhancement of natural resources, including
10 beaches, important to the visitor industry;

11 (B) Planning, construction, and repair of facilities;
12 and

13 (C) Operation and maintenance costs of public lands,
14 including beaches, connected with enhancing the
15 visitor experience.

16 All transient accommodations taxes shall be paid into the
17 state treasury each month within ten days after collection and
18 shall be kept by the state director of finance in special
19 accounts for distribution as provided in this subsection.



1 ~~[As used in this subsection, "fiscal year" means the~~
2 ~~twelve-month period beginning on July 1 of a calendar year and~~
3 ~~ending on June 30 of the following calendar year.]"~~

4 SECTION 6. Section 37B-3, Hawaii Revised Statutes, is
5 repealed.

6 ~~["**§37B-3** Prepayment of other post-employment benefit~~
7 ~~liability. (a) To comply with article VII, section 6, of the~~
8 ~~Constitution of the State of Hawaii, the legislature may prepay~~
9 ~~the State's other post-employment benefit liability. When~~
10 ~~choosing to do so, the legislature shall appropriate general~~
11 ~~funds to be expended to pay more than the annual required~~
12 ~~contribution owed by the State for a fiscal year in order to~~
13 ~~reduce future annual required contributions to amortize the~~
14 ~~unfunded other post-employment liability of the State.~~

15 ~~(b) For the purpose of this section, the "annual required~~
16 ~~contribution owed by the State for a fiscal year" means the~~
17 ~~annual required contribution owed by the State for the fiscal~~
18 ~~year as determined by the board of trustees of the Hawaii~~
19 ~~employer-union health benefits trust fund under section 87A-43.~~

1 ~~(c) An appropriation of general funds to pay more than the~~
2 ~~annual required contribution owed by the State for a fiscal year~~
3 ~~shall be deposited into the trust fund for other post-employment~~
4 ~~benefits established under section 87A-42.~~

5 ~~(d) In no case shall an appropriation of general funds~~
6 ~~made pursuant to this section be expended for or credited to any~~
7 ~~cost or liability of a county under chapter 87A."]~~

8 SECTION 7. Section 87A-43, Hawaii Revised Statutes, is
9 repealed.

10 ~~["§87A-43 Payment of public employer contributions to~~
11 ~~the other post-employment benefits trust. (a) Commencing with~~
12 ~~fiscal year 2018-2019, each of the counties and all other public~~
13 ~~employers shall make annual required contributions in accordance~~
14 ~~with section 87A-42 for the benefit of their retirees and~~
15 ~~beneficiaries.~~

16 ~~(b) The board shall determine the annual required~~
17 ~~contribution owed by each public employer under this part for~~
18 ~~each fiscal year, beginning with fiscal year 2018-2019."]~~

19 SECTION 8. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 9. This Act shall take effect on July 1, 2021;
2 provided that on June 30, 2023, this Act shall be repealed and
3 sections 37B-3, 87A-24, 87A-42, 87A-43, 237-31, and 237D-6.5(b),
4 Hawaii Revised Statutes, shall be reenacted in the form in which
5 they read on the day prior to the effective date of this Act.

APPROVED this 06 day of JUL , 2021



GOVERNOR OF THE STATE OF HAWAII



HB No. 468, HD 1, SD 1, CD 1

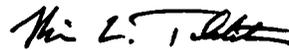
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI‘I

Date: April 27, 2021
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2021.


President of the Senate


Clerk of the Senate