
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 PART I

2 SECTION 1. The purpose of this part is to temporarily
3 suspend the requirement for public employers to make annual
4 required contributions to the Hawaii Employer-Union Health
5 Benefits Trust Fund through fiscal year 2024-2025.

6 SECTION 2. Section 87A-42, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§87A-42 Other post-employment benefits trust. [~~a~~]
9 Notwithstanding sections 87A-31 and 87A-31.5, the board, upon
10 terms and conditions set by the board, shall establish and
11 administer a separate trust fund for the purpose of receiving
12 employer contributions that will prefund other post-employment
13 health and other benefit plan costs for retirees and their
14 beneficiaries. The separate trust fund shall meet the
15 requirements of the Governmental Accounting Standards Board
16 regarding other post-employment benefits trusts. The board



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

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

17 ~~(c) In any fiscal year subsequent to the 2017-2018 fiscal~~
18 ~~year in which the state public employer's contributions into the~~
19 ~~fund are less than the amount of the annual required~~
20 ~~contribution, the amount that represents the excess of the~~
21 ~~annual required contribution over the state public employer's~~



1 ~~contributions shall be deposited into the appropriate account of~~
2 ~~the separate trust fund from a portion of all general excise tax~~
3 ~~revenues collected by the department of taxation under section~~
4 ~~237-31.~~

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

14 ~~(d) In any fiscal year subsequent to the 2017-2018 fiscal~~
15 ~~year in which a county 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 county public employer's~~
19 ~~contributions shall be deposited into the fund from a portion of~~
20 ~~all transient accommodations tax revenues collected by the~~
21 ~~department of taxation under section 237D-6.5(b)(4). The~~



1 ~~director of finance shall deduct the amount necessary to meet~~
2 ~~the county public employer's annual required contribution from~~
3 ~~the revenues derived under section 237D-6.5(b)(4) and transfer~~
4 ~~the amount to the board for deposit into the appropriate account~~
5 ~~of the separate trust fund.~~

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

19 ~~(f) For the purposes of this section, "annual required~~
20 ~~contribution" means a public employer's required contribution to~~



1 ~~the trust fund established in this section that is sufficient to~~
2 ~~cover:~~

3 ~~(1) The normal cost, which is the cost of other post-~~
4 ~~employment benefits attributable to the current year~~
5 ~~of service; and~~

6 ~~(2) An amortization payment, which is a catch-up payment~~
7 ~~for past service costs to fund the unfunded actuarial~~
8 ~~accrued liability over the next thirty years.] "~~

9 SECTION 3. Section 237-31, Hawaii Revised Statutes, is
10 amended to read as follows:

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

19 (1) A sum, not to exceed \$5,000,000, from all general
20 excise tax revenues realized by the State shall be
21 deposited in the state treasury in each fiscal year to



1 the credit of the compound interest bond reserve fund;
2 and

3 (2) A sum from all general excise tax revenues realized by
4 the State that is equal to one-half of the total
5 amount of funds appropriated or transferred out of the
6 hurricane reserve trust fund under sections 4 and 5 of
7 Act 62, Session Laws of Hawaii 2011, shall be
8 deposited into the hurricane reserve trust fund in
9 fiscal year 2013-2014 and in fiscal year 2014-2015;
10 provided that the deposit required in each fiscal year
11 shall be made by October 1 of that fiscal year[~~and~~

12 ~~[(3)] Commencing with fiscal year 2018-2019, a sum from all~~
13 ~~general excise tax revenues realized by the State that~~
14 ~~represents the difference between the state public~~
15 ~~employer's annual required contribution for the~~
16 ~~separate trust fund established under section 87A-42~~
17 ~~and the amount of the state public employer's~~
18 ~~contributions into that trust fund shall be deposited~~
19 ~~to the credit of the State's annual required~~
20 ~~contribution into that trust fund in each fiscal year,~~
21 ~~as provided in section 87A-42]."~~



1 SECTION 4. Section 237D-6.5, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

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

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

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



- 1 (3) \$79,000,000 shall be allocated to the tourism special
2 fund established under section 201B-11; provided that:
- 3 (A) Beginning on July 1, 2012, and ending on June 30,
4 2015, \$2,000,000 shall be expended from the
5 tourism special fund for development and
6 implementation of initiatives to take advantage
7 of expanded visa programs and increased travel
8 opportunities for international visitors to
9 Hawaii;
- 10 (B) Of the \$79,000,000 allocated:
- 11 (i) \$1,000,000 shall be allocated for the
12 operation of a Hawaiian center and the
13 museum of Hawaiian music and dance; and
- 14 (ii) 0.5 per cent of the \$79,000,000 shall be
15 transferred to a sub-account in the tourism
16 special fund to provide funding for a safety
17 and security budget, in accordance with the
18 Hawaii tourism strategic plan 2005-2015; and
- 19 (C) Of the revenues remaining in the tourism special
20 fund after revenues have been deposited as
21 provided in this paragraph and except for any sum



1 authorized by the legislature for expenditure
2 from revenues subject to this paragraph,
3 beginning July 1, 2007, funds shall be deposited
4 into the tourism emergency special fund,
5 established in section 201B-10, in a manner
6 sufficient to maintain a fund balance of
7 \$5,000,000 in the tourism emergency special fund;

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



1 ~~section 87A-42, if the respective county fails to~~
2 ~~remit the total amount of the county's required annual~~
3 ~~contributions, as required under section 87A-43]; and~~

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

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

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

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

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



1 contributions for fiscal years 2026 to 2055. The legislature
2 finds it crucial that measures be taken to offset this increase.

3 SECTION 7. The Hawaii employer-union health benefits trust
4 fund shall:

5 (1) Examine and assess possible means to offset the future
6 increase in the State's annual required contributions
7 resulting from part I of this Act, with minimum
8 negative impact to the State's general fund financial
9 plan and bond ratings. The examination and assessment
10 shall include the negative and positive impacts of
11 eliminating the state and county employers'
12 obligations under section 87A-23, Hawaii Revised
13 Statutes, to reimburse medicare part B premiums to
14 spouses of employee-beneficiaries who are hired after
15 a specific future date; and

16 (2) Submit a report of its findings and recommendations,
17 including any proposed legislation, to the legislature
18 no later than twenty days prior to the convening of
19 the regular session of 2022.

20 PART III



1 SECTION 8. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act, upon its approval, shall take effect
4 on July 1, 2050, and shall be repealed on June 30, 2025;
5 provided that sections 87A-42, 87A-43, 237-31, and 237D-6.5(b),
6 Hawaii Revised Statutes, shall be reenacted in the forms in
7 which they read on the day prior to the effective date of this
8 Act.



Report Title:

Hawaii Employer-union Health Benefits Trust Fund; Annual Required Contribution; Other Post-employment Benefits Trust (OPEB); Medicare Part B Reimbursement; New Hires; Spouses

Description:

Part I - Suspends the requirement for public employers to make annual required contributions to the Hawaii employer-union health benefits trust fund through fiscal year 2024-2025. Part II - Requires the Hawaii Employer-union Health Benefits Trust Fund to examine and assess possible means to offset the future increase in the State's annual required contributions to the trust fund resulting from part I of this Act and report to the legislature. Effective 7/1/2050. (SD1)

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