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# 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 2024-2025.

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

7           "**§87A-42 Other post-employment benefits trust.** [~~(a)~~]  
8 Notwithstanding sections 87A-31 and 87A-31.5, the board, upon  
9 terms and conditions set by the board, shall establish and  
10 administer a separate trust fund for the purpose of receiving  
11 employer contributions that will prefund other post-employment  
12 health and other benefit plan costs for retirees and their  
13 beneficiaries. The separate trust fund shall meet the  
14 requirements of the Governmental Accounting Standards Board  
15 regarding other post-employment benefits trusts. The board  
16 shall establish and maintain a separate account for each public



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

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

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



1 ~~the separate trust fund from a portion of all general excise tax~~  
2 ~~revenues collected by the department of taxation under section~~  
3 ~~237-31.~~

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

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



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

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

18 ~~(f) For the purposes of this section, "annual required~~  
19 ~~contribution" means a public employer's required contribution to~~  
20 ~~the trust fund established in this section that is sufficient to~~  
21 ~~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 3. 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 4. 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 section  
2 237D-2(e), revenues collected under this chapter shall be  
3 distributed in the following priority, with the excess revenues  
4 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 twelve-  
2 month period beginning on July 1 of a calendar year and ending  
3 on June 30 of the following calendar year."

4           SECTION 5. Section 87A-43, Hawaii Revised Statutes, is  
5 repealed.

6           ~~["~~§87A-43~~ Payment of public employer contributions to  
7 the other post-employment benefits trust. (a) Commencing with  
8 fiscal year 2018-2019, each of the counties and all other public  
9 employers shall make annual required contributions in accordance  
10 with section 87A-42 for the benefit of their retirees and  
11 beneficiaries.~~

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

15           SECTION 6. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17           SECTION 7. This Act, upon its approval, shall take effect  
18 on July 1, 2050, and shall be repealed on June 30, 2025;  
19 provided that sections 87A-42, 87A-43, 237-31, and 237D-6.5(b),  
20 Hawaii Revised Statutes, shall be reenacted in the forms in



- 1 which they read on the day prior to the effective date of this
- 2 Act.



**Report Title:**

Hawaii Employer-union Health Benefits Trust Fund; Annual  
Required Contribution; Other Post-employment Benefits Trust

**Description:**

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. Effective  
7/1/2050. (SD1)

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not legislation or evidence of legislative intent.*

