



GOV. MSG. NO. 1350

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

7/7/2022

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 7/7/2022, the following bill was signed into law:

HB2240 HD1 SD2 CD1

RELATING TO OTHER POST-EMPLOYMENT  
BENEFITS.  
**ACT 247**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

# A BILL FOR AN ACT

RELATING TO OTHER POST-EMPLOYMENT BENEFITS.

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

1           SECTION 1. The director of finance is authorized to issue  
2 general obligation bonds in the sum of \$300,000,000 or so much  
3 thereof as may be necessary and the same sum or so much thereof  
4 as may be necessary is appropriated for fiscal year 2022-2023  
5 for the other post-employment benefits trust fund governed by  
6 section 87A-42, Hawaii Revised Statutes, to pay or prepay the  
7 State's other post-employment benefits liability; provided that:

8           (1) The appropriation made for this transaction as  
9           authorized by this section shall not lapse at the end  
10           of the fiscal year for which the appropriation is  
11           made;

12           (2) All moneys from the appropriation unencumbered as of  
13           June 30, 2024, shall lapse as of that date; and

14           (3) The general obligation bonds authorized by this  
15           section shall be issued in the sole discretion of the  
16           director of finance; provided that:



1 (A) To determine the annual required contribution, a  
2 preliminary annual required contribution to the  
3 trust fund shall be developed that treats the  
4 outstanding bond balance as part of the trust  
5 fund's unfunded actuarial accrued liability. The  
6 net cash contribution required to be contributed  
7 to the trust fund shall be the greater of:

8 (i) The preliminary annual required contribution  
9 less the related general obligation bond  
10 payment for the respective year; or

11 (ii) The annual required contribution amount  
12 calculated under section 87A-42(f)(2),  
13 Hawaii Revised Statutes, without any special  
14 consideration given to the outstanding  
15 balance of the general obligation bonds or  
16 any related general obligation bond  
17 payments, for the respective year;

18 (B) Entities shall only be permitted to issue general  
19 obligation bonds if the all-in true interest cost  
20 of the bonds is at least three hundred basis  
21 points less than the assumed rate of return of



1 the trust fund, to which the proceeds will be  
2 contributed;

3 (C) General obligation bonds shall not be issued as a  
4 means for addressing budget shortfalls related to  
5 contributions required by law; and

6 (D) General obligation bonds shall only be issued as  
7 a means to produce long-term savings.

8 SECTION 2. Section 87A-42, Hawaii Revised Statutes, is  
9 amended by amending subsection (f) to read as follows:

10 "(f) For the purposes of this section, "annual required  
11 contribution" means a public employer's required contribution to  
12 the trust fund established in this section that is sufficient to  
13 cover:

14 (1) The normal cost, which is the cost of other post-  
15 employment benefits attributable to the current year  
16 of service; and

17 (2) An amortization payment, which is a catch-up payment  
18 for past service costs to fund the unfunded actuarial  
19 accrued liability over the next thirty years. If the  
20 State issues general obligation bonds to pay or prepay  
21 all or any portion of the State's unfunded actuarial



1 accrued liability and contributes the proceeds to the  
2 trust fund, the outstanding balance of the general  
3 obligation bonds shall be considered part of the  
4 State's unfunded actuarial accrued liability for the  
5 purpose of determining the preliminary annual required  
6 contribution. The annual required contribution would  
7 be the greater of:

8 (A) The preliminary annual required contribution less  
9 the related general obligation bond payment; or

10 (B) The amount calculated under this paragraph  
11 without any special consideration given to the  
12 outstanding balance of the general obligation  
13 bonds or any related general obligation bond  
14 payments."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2022;  
17 provided that section 2 of this Act shall take effect on July 1,  
18 2023.

APPROVED this 7th day of July , 2022



GOVERNOR OF THE STATE OF HAWAII

HB No. 2240, HD 1, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2022  
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 2022.



Scott K. Saiki  
Speaker  
House of Representatives

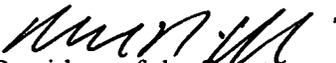


Brian L. Takeshita  
Chief Clerk  
House of Representatives

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: May 3, 2022  
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 2022.

  
President of the Senate

  
Clerk of the Senate