
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 legislature finds that the employees'
2 retirement system created the Hawaii targeted investment program
3 to fulfill the mandate of Act 260, Session Laws of Hawaii 2007
4 (Act 260), and has committed \$117,000,000 to this program. The
5 legislature further finds that the Hawaii employer-union health
6 benefits trust fund board of trustees may, pursuant to section
7 87A-24(2), Hawaii Revised Statutes, "[i]nvest moneys in the same
8 manner specified in section 88-119", relating to investments for
9 the employees' retirement system.

10 The legislature encourages the Hawaii employer-union health
11 benefits trust fund to establish a program similar to the Hawaii
12 targeted investment program or seek opportunities to invest in
13 Hawaii businesses. The Hawaii employer-union health benefits
14 trust fund board of trustees can hold, purchase, sell, assign,
15 transfer, or dispose of any securities or other investments of
16 the fund, in addition to the proceeds of those investments and



1 any moneys belonging to the fund. The Hawaii employer-union
2 health benefits trust fund investment policy statement includes
3 as its foremost investment objectives the accumulation and
4 preservation of assets from ongoing employer and participant
5 contributions in order to meet all benefit and expense
6 obligations when due. To meet these objectives, the investment
7 committee has segmented the Hawaii employer-union health
8 benefits trust fund portfolio into two components, a liquid
9 short-term operating asset pool and a long-term investment
10 portfolio. The long-term investment portfolio, or OPEB trust,
11 has an actuarially assumed rate of return of 7.0 per cent. The
12 short-term operating asset pool is further divided to allow for
13 the investment of excess funds and do not possess an assumed
14 rate of return, as liquidity is the primary objective with a
15 positive real return as a secondary objective.

16 The legislature further finds that the Hawaii employer-
17 union health benefits trust fund produced investment returns
18 that have outperformed standard benchmarks in the long run.
19 This performance has been instrumental in helping to reduce the
20 Hawaii employer-union health benefits trust fund's large



1 \$8,961,657,000 unfunded actuarial accrued liability as of July
2 1, 2022.

3 The legislature seeks opportunities that provide for
4 Hawaii's economic growth, benefit its residents, protect the
5 environment, and minimize financial burdens on current and
6 future generations.

7 The purpose of this Act is to encourage the Hawaii
8 employer-union health benefits trust fund to develop a program
9 that is consistent with its current investment objectives
10 documented in the investment policy statement and considers
11 investment opportunities in industries that will sustain
12 Hawaii's natural environment or produce economic opportunities
13 for its residents, including renewable energy businesses and
14 businesses that use investment capital to acquire the
15 infrastructure and services needed to become energy sustainable,
16 and to support these investment opportunities through an
17 appropriation to the trust fund.

18 SECTION 2. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2023-2024 for
21 the Hawaii employer-union health benefits trust fund to develop



1 a program that is consistent with its current investment
2 objectives documented in the investment policy statement and
3 considers investment opportunities in industries that will
4 sustain Hawaii's natural environment or produce economic
5 opportunities for its residents, including renewable energy
6 businesses and businesses that use investment capital to acquire
7 the infrastructure and services needed to become energy
8 sustainable; provided that until the Hawaii employer-union
9 health benefits trust fund performs its due diligence in
10 accordance with its investment policy statement, develops the
11 program, identifies investments that meet the developed program,
12 and commits and distributes these funds to the investment
13 opportunity, the Hawaii employer-union health benefits trust
14 fund shall treat this appropriation as an addition to the
15 monthly contributions required under sections 87A-32, 87A-33,
16 87A-34, 87A-35, 87A-36, and 87A-37, Hawaii Revised Statutes.

17 The sum appropriated shall be expended by the Hawaii
18 employer-union health benefits trust fund for the purposes of
19 this Act.

20 SECTION 3. This Act shall take effect on July 1, 2023.

21



H.B. NO. 1525

Report Title:

EUTF; Investments; Appropriation

Description:

Encourages the EUTF to consider investment opportunities in industries that will sustain Hawaii's natural environment or produce economic opportunities for its residents, including renewable energy businesses and businesses that use investment capital to acquire the infrastructure and services needed to become energy sustainable. Appropriates funds to the EUTF.

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