

**ACT 93**

S.B. NO. 133

A Bill for an Act Relating to Public Employees' Fringe Benefits.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that the State's and counties' liabilities and obligations for the pension and health insurance coverage of public employees are of major concern. State and county contributions as employers for the normal cost and unfunded liability amortization of the employees' retirement system and Hawaii employer-union health benefits trust fund (EUTF) are increasing. The legislature notes that section 88-105, Hawaii Revised Statutes, presently requires annual valuation reports for the employees' retirement system of the State of Hawaii. The legislature finds that more frequent monitoring of the experience and valuations of the employees' retirement system and EUTF is necessary to properly plan future state and county budgetary needs.

The purpose of this Act is to address public employees' fringe benefits by:

- (1) Requiring the actuary of the EUTF to make an annual valuation of the assets and liabilities of the EUTF that includes an update of assumptions specific to the EUTF at least once in each three-year period; and
- (2) Reducing the maximum period between experience studies of the employees' retirement system from five years to three years.

SECTION 2. Chapter 87A, Hawaii Revised Statutes, is amended by adding a new section to part III to be appropriately designated and to read as follows:

“~~§87A-~~ **Actuarial investigation; valuations.** Beginning on July 1, 2017, the actuary retained by the board pursuant to section 87A-42 shall make an annual valuation of the assets and liabilities of the fund based on tables and other factors adopted by the board annually. The annual valuation shall include an update of assumptions specific to the fund that are not updated pursuant to section 88-105, as deemed necessary by the actuary, at least once in each three-year period.”

SECTION 3. Section 88-105, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) At least once in each ~~[five-year]~~ three-year period, commencing with fiscal year ~~[1994-1995,]~~ 2018-2019, the actuary shall make an actuarial investigation of the experience of the system and shall recommend to the board of trustees the adoption for actuarial valuation of the system of mortality, service, and other assumptions, factors, and tables as shall be deemed appropriate and necessary. The actuary shall further recommend the acceptable funded ratio for the system, taking into consideration the guaranties of article XVI, section 2 of the state constitution, section 88-107, and section 88-127.”

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>1</sup>

SECTION 5. This Act shall take effect upon its approval.

(Approved July 5, 2017.)

**Note**

1. Edited pursuant to HRS §23G-16.5.