

Honolulu, Hawaii

March 24, 2006

RE: S.B. No. 2640
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2640, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO VOLUNTARY EMPLOYEES'
BENEFICIARY ASSOCIATION TRUSTS,"

begs leave to report as follows:

The purpose of this bill is to clarify that a Voluntary Employees' Beneficiary Association Trust (VEBA Trust) may be established by an employee organization to provide benefits for state and county employees that the employee organization represents by amending the purpose of the VEBA Trust pilot program under Act 245, Session Laws of Hawaii 2005.

The Hawaii State Teachers Association and Hawaii Government Employees Association supported this bill. The Department of the Attorney General and The League of Women Voters submitted comments.

Your Committee finds that Act 245 established a VEBA Trust pilot program. However, the purpose and findings section of Act 245 makes reference to the provision of health benefits to "a particular bargaining unit." This ambiguity has caused confusion among various bargaining units in the state as to whether they are eligible to participate in this pilot program. This measure clarifies that a VEBA Trust may be established by an employee



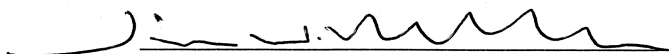
organization to provide benefits for state and county employees the employee organization represents.

Your Committee has amended this measure by:

- (1) Clarifying that an employee organization establishing a VEBA Trust make it available to all employees represented by that employee organization; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2640, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2640, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KIRK CALDWELL, Chair



