

Honolulu, Hawaii

MAR 17 2006

RE: H.B. No. 3018
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor, to which was referred H.B. No. 3018,
H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT EMPLOYEES,"

begs leave to report as follows:

The purpose of this measure is to require government employees convicted of embezzling, stealing, receiving, or retaining, or failing to properly account for any property or funds belonging to the State or a county to be fined an amount equal to four times the amount taken.

Additionally, this measure requires the garnishment of wages in an amount equal to the lesser of an amount:

- (1) Not to exceed thirty times the federal minimum hourly wage; or
- (2) Twenty-five percent of the defendant's disposable income.

Testimony in support of this measure was submitted by the Department of Human Resources Development and the Hawaii Government Employees Association, Local 152, AFL-CIO. Comments on the measure were also provided by the Department of the Attorney General and the Employees' Retirement System.



Your Committee finds that the Government Accounting Standards Board (GASB) recently issued statement numbers 43, regarding accounting by plans that administer post-employment benefit plans other than pensions, and 45, regarding accounting and reporting requirements for state and local government employers that provide post-employment benefit plans other than pensions. Your Committee further finds that implementation of statement numbers 43 and 45 will be done in stages. The provisions of statements 43 and 45 will require the State's financial statements to contain specific information regarding the State's provision of retiree health benefits or other post-employment benefits plans. Your Committee determines that changes to the current law regarding the EUTF are necessary to allow the State to comply with the financial reporting requirements of statement numbers 43 and 45 and to clarify the law to allow the Hawaii employer-union health benefits trust fund (EUTF) to benefit from future strategies to reduce the EUTF's liability.

Your Committee heard H.B. 3089, H.D. 1, regarding the establishment of a public employees' trust fund to offset the State's funding liability for contributions for retired employees to the EUTF under chapter 87A, Hawaii Revised Statutes. Based upon testimony submitted by the Department of Accounting and General Services, your Committee determined that the measure needed to be amended to ensure compliance with the GASB statements. However, subsequent to your Committee's passage of H.B. 3089, H.D. 1, S.D. 1, it was discovered that the new language included in the Senate Draft did not fall within the subject matter of the measure's title. Therefore, your Committee determines that this is an appropriate vehicle for properly addressing the issue.

Accordingly, your Committee has amended this measure by deleting its contents and inserting provisions to:

- (1) Amend chapter 87A, HRS, to establish that the EUTF is administered as a trust as used in GASB statements 43 and 45;
- (2) Clarify that the State and county contributions to the EUTF are irrevocable;
- (3) Specify that EUTF moneys and assets shall only be used for the exclusive benefit of the employee-beneficiaries and dependent beneficiaries;



- (4) Authorize the EUTF board to use funds for the future provision of health and other benefits plans for retirees and their beneficiaries;
- (5) Allow the EUTF board to create separate funds for the future provision of health and other benefits plans for retirees and their beneficiaries, subject to chapter 87A; and
- (6) Make the Act effective on July 1, 2006.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3018, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3018, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Labor,




BRIAN KANNO, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Labor
(Bills and Resolutions)

Measure:*	Committee Referral:	Date:		
HB 3018 HD1	LBR, JHW	3/15/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to:				
<input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
KANNO, Brian (C)	✓			
IHARA, Jr., Les (VC)	✓			
TANIGUCHI, Brian T.				✓
SLOM, Sam	✓			
TOTAL	3	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Do not list more than one measure per Record of Votes.