

Honolulu, Hawaii

Feb 17, 2006

RE: H.B. No. 3089  
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 H.B. No. 3089 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC EMPLOYEES' TRUST FUND,"

begs leave to report as follows:

The purpose of this bill is to address costs of other post employment benefits other than pensions, such as health care costs, that under the new standards established by the Government Accounting Standards Board (GASB) Statements 43 and 45, need to be included in employer financial statements.

Specifically, this bill:

- (1) Establishes a Public Employers' Trust Fund (PETF) and a Board of Trustees to offset costs incurred by the State to fund public employee health benefit costs;
- (2) Appropriates monies to the PETF; and
- (3) Prohibits the tapping of monies in the PETF until the PETF's principal reaches \$1,000,000,000.

The Department of Accounting and General Services opposed this bill. The Department of Budget and Finance, Hawaii Employer-Union Health Benefits Trust Fund, and Hawaii Government Employees Association submitted comments.

HB3089 HD1 HSCR LAB HMS 2006-2043



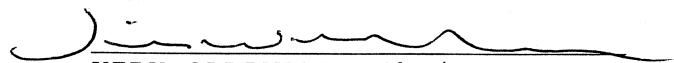
The state's audited financial report must meet standards set forth by GASB. Your Committee finds that new standards established by GASB Statements 43 and 45 will have a profound effect on the State's financial statements.

However, while the PETF is meant to address the costs of other post employment benefits that will soon be necessary to include in an employer's financial statement, your Committee has been informed that the PETF may not meet the standards established by GASB. However, the importance of this issue warrants further discussion.

Accordingly, your Committee has amended this measure by changing its effective date to July 1, 2050, to encourage further discussion.

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 H.B. No. 3089, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3089, 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



