

Honolulu, Hawaii

MAR 30 2007

RE: S.C.R. No. 178

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred S.C.R. No. 178 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A STUDY ON THE IMPACT OF VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS ON PUBLIC EMPLOYEES AND EMPLOYERS AND TO PROVIDE A BASIS FOR THE LEGISLATURE TO DECIDE WHETHER TO EXTEND ACT 245, SESSION LAWS OF HAWAII 2005,"

begs leave to report as follows:

The purpose of this measure is to request the Legislative Auditor to conduct a study on the impact of Voluntary Employees' Beneficiary Association Trusts on public employees and employers and to provide a basis for the Legislature to decide whether to extend Act 245, Session Laws of Hawaii 2005.

The measure requests the Auditor to conduct a comprehensive study on the impact of Act 245, Session Laws of Hawaii 2005 on:

- (1) Hawaii State Teachers Association members and retirees;
- (2) Members and retirees of other bargaining units who have remained with the Hawaii Employer-Union Health Benefits Trust Fund;
- (3) Public employers;
- (4) The operations and finances of the Hawaii Employer-Union Health Benefits Trust Fund;



(5) Public employees who would be ineligible to join a Voluntary Employees' Beneficiary Association Trust due to their lack of membership in a public sector union; and

(6) Any other persons or areas that may be identified by the Auditor.

The Auditor is requested to conduct the study on both a historical and prospective basis, including what would be the future financial viability of the Hawaii Employer-Union Health Benefits Trust Fund if Act 245, Session Laws of Hawaii, were to become permanent and more unions were to establish Voluntary Employees' Beneficiary Association Trusts.

Finally, the Auditor is requested to study the impact of Voluntary Employees' Beneficiary Association Trusts on compliance with Governmental Accounting Standards Board Statement Numbers 43 and 45 and the possibility of employers pre-funding retiree health benefit costs.

Testimony in support of this measure was received from the Director of Budget and Finance, the Administrator of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and the Director of Budget and Fiscal Services of the City and County of Honolulu (County). The Board of the EUTF voted unanimously to seek passage of this resolution.

The County requested that the measure be expanded to include the impact on GASB 45 financial reporting requirements on Other Post-Employment Benefits (OPEB) for the State and the counties as such impact is unknown. This concern is addressed in this measure.

Your Committee recognizes that House Bill 1746, SD1 extends the repeal date of Act 245, SLH 2005 and has been referred to your Committee on Ways and Means. However, the information that is requested in this measure will be helpful for the Legislature in future deliberations on requests that impact the EUTF.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report,



your Committee concurs with the intent and purpose of S.C.R. No. 178 and recommends that it be referred to the Committee on Ways and Means.

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

A handwritten signature in black ink, appearing to read "Clayton Hee", written over a horizontal line.

CLAYTON HEE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
 Committee on Judiciary and Labor
 JDL

Bill / Resolution No.:* <i>SCR 176</i>	Committee Referral: <i>JDL, WAM</i>	Date: <i>3-30-07</i>
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The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
KOKUBUN, Russell S. (VC)				✓
INOUYE, Lorraine R.	✓			
NISHIHARA, Clarence K.				✓
GABBARD, Mike	✓			
TOTAL	3			2

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes