
A BILL FOR AN ACT

RELATING TO FRINGE BENEFIT CONTRIBUTIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to mitigate the
2 State's carrying costs for contributions made to the employees'
3 retirement system. More specifically, this Act:

4 (1) Requires the State to pay the contributions on a
5 quarterly basis, with payment due by the end of the
6 quarter following the quarter for which the
7 contributions are paid; and

8 (2) Requires the department of budget and finance to
9 collect interest on reimbursements from state non-
10 general funds for contributions previously paid from
11 the state general fund.

12 SECTION 2. Section 88-124, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§88-124 Payment of state contributions to the system.**

15 ~~[-(a)]~~ The State shall pay on a ~~[monthly]~~ quarterly basis to the
16 various funds of the system the amounts payable by the State



1 under this part. Payments shall be made [~~within thirty days~~
2 ~~after the end of the month.~~

3 ~~(b) The system shall determine the actual amount owed by~~
4 ~~the State under this part for each fiscal quarter, commencing~~
5 ~~with the first fiscal quarter of fiscal year 2005-2006. The~~
6 ~~actual amounts owed by the State for the fiscal quarter shall be~~
7 ~~compared against the amounts paid in the fiscal quarter. Any~~
8 ~~additional contributions owed by the State for a fiscal quarter~~
9 ~~shall be paid] by the director of finance from the general fund~~
10 ~~before the end of the [next] fiscal quarter[. Any excess~~
11 ~~contributions by the State may be used to offset amounts owed by~~
12 ~~the State for the next fiscal quarter.] following the quarter~~
13 ~~for which the contributions are paid."~~

14 SECTION 3. Section 88-125, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§88-125 Contributions by certain state agencies.** (a)

17 Each of the departments and agencies hereinafter described and
18 the office of Hawaiian affairs shall reimburse the State for the
19 respective amounts [~~payable~~] paid by the State to cover the
20 liability of the State to the various funds of the system on
21 account of the employees in such departments and agencies and
22 the trustees of the office of Hawaiian affairs[. ~~This provision~~



1 ~~shall apply to any department or agency of the State which is~~
2 ~~authorized by law to fix, regulate and collect rents, rates,~~
3 ~~fees or charges of any nature.]~~ whose wages are paid in whole or
4 part from state non-general funds. The provisions herein shall
5 not apply as to rental units receiving federal subsidies until
6 approval has been obtained from the appropriate federal agency.

7 (b) Whenever any department or agency of the State
8 receives federal-aid funds which may be expended for the purpose
9 of covering the liability of the State to the various funds of
10 the system, the department or agency shall set aside a portion
11 of these funds sufficient to cover the amount of the State's
12 liability to the various funds of the system on account of the
13 employees in the department or agency whose compensation is paid
14 in whole or part from federal funds.

15 (c) The amount [~~payable~~] reimbursable by each department
16 or agency of the State[~~7~~] or the office of Hawaiian affairs,
17 [~~covered~~] as required by this section, shall be determined at
18 least quarterly by the department of budget and finance on the
19 basis of the payroll of the employees of the department or
20 agency, or trustees of the office of Hawaiian affairs, who are
21 members of the system and paid from state non-general funds.

22 The amount shall be determined in the same manner the allocation



1 of employer contributions is determined in section 88-123. The
2 comptroller of the State, the office of Hawaiian affairs, or any
3 department or agency having control of its own funds [~~shall~~],
4 upon information furnished by the department of budget and
5 finance, shall issue a check for the proper amount, plus
6 interest, to the director of finance, charging the same to the
7 appropriate fund.

8 The director of finance shall charge interest on the
9 reimbursed amount for the period between the date the payment of
10 contributions from the general fund is made by the director and
11 a date specified by the director that shall not be later than
12 the date of receipt of the reimbursement by the director. The
13 rate of interest shall be 0.25 per cent for each month or
14 fraction thereof.

15 The director of finance shall place all such sums to the
16 credit of the [~~State as part payment of the State's~~
17 ~~contributions to the various funds of the system.~~] state general
18 fund."

19 SECTION 4. The repeal of this Act on June 30, 2015,
20 pursuant to section 6 shall not affect the payment,
21 reimbursement, or interest charged on state contributions for
22 the fiscal quarter from April to June 2015, to the employees'



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1 retirement system. The payment, reimbursement, or interest for
2 that fiscal quarter shall be subject to this Act as if it were
3 not repealed on June 30, 2015.

4 SECTION 5. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 6. This Act shall take effect on July 1, 2010, and
7 be repealed on June 30, 2015; provided that sections 88-124 and
8 88-125, Hawaii Revised Statutes, that are amended by sections 2
9 and 3, respectively, of this Act shall be reenacted in the form
10 in which they read on the day before the effective date of this
11 Act.

12

INTRODUCED BY: Colin K. King
JAN 27 2010



Report Title:

Employees' Retirement System; State Contributions

Description:

Requires state contributions to the employees' retirement system to be paid from the general fund on a quarterly basis. Sets the deadline for the payment as the end of the fiscal quarter following the quarter for which the contributions are to be paid. Requires departments and agencies whose employees are paid from state non-general funds to reimburse the state general fund for advance contributions. Requires the departments and agencies to pay monthly interest at 0.25% on the reimbursements. Takes effect on 07/01/2010 and is repealed on 06/30/2015.

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