

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 1905  
RELATING TO STATE PAYMENTS

JANUARY 29, 2010

Chair Rhoads and Members of the Committee:

H.B. 1905 proposes to deposit general excise tax revenues into a separate account not to exceed \$63 million to address the delayed payments of State contributions to the ERS and the Employer-Union Health Benefits Trust Fund that were not paid in fiscal year 2008-2009.

The ERS Board of Trustees has not yet had the opportunity to discuss this Bill and accordingly, has not yet taken a position.

LATE

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 1905

January 29, 2009

RELATING TO STATE PAYMENTS

House Bill No. 1905 sets aside \$63 million from the general excise tax revenues and deposits the funds into a separate account in the general fund to pay for employer fringe benefit contributions to the Employees' Retirement System and Hawaii Employer-Union Health Benefits Trust Fund that were deferred in Fiscal Year 2009. It also sets aside \$275 million in a comparable fashion to address the planned delay in processing of income tax refunds in Fiscal Year 2010. The two general excise tax set asides take effect on July 1, 2011.

We have serious concerns with this bill because the set asides will adversely affect the Administration's financial plan in Fiscal Year 2012. It is noted that we project a general fund balance of \$32.4 million in Fiscal Year 2012 and the two set asides would reduce revenues by up to \$338 million in that year.