
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, instead of monthly, basis; and
6 (2) Requires the department of budget and finance to
7 collect interest on reimbursements from state non-
8 general funds for contributions previously paid from
9 the state general fund.

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

12 "§88-124 Payment of state contributions to the system.

13 ~~[(a)]~~ The State shall pay on a ~~[monthly]~~ quarterly basis to the
14 various funds of the system the amounts payable by the State
15 under this part. Payments shall be made ~~[within thirty days~~
16 ~~after the end of the month.~~

17 ~~(b) The system shall determine the actual amount owed by~~
18 ~~the State under this part for each fiscal quarter, commencing~~



1 ~~with the first fiscal quarter of fiscal year 2005-2006. The~~
2 ~~actual amounts owed by the State for the fiscal quarter shall be~~
3 ~~compared against the amounts paid in the fiscal quarter. Any~~
4 ~~additional contributions owed by the State for a fiscal quarter~~
5 ~~shall be paid] by the director of finance from the general fund~~
6 ~~before the end of the [next] fiscal quarter. [Any excess~~
7 ~~contributions by the State may be used to offset amounts owed by~~
8 ~~the State for the next "fiscal quarter.]"~~

9 SECTION 3. Section 88-125, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Each of the departments and agencies hereinafter
12 described, the office of Hawaiian affairs, and the Hawaii health
13 systems corporation shall reimburse the State for the respective
14 amounts [~~payable~~] paid by the State to cover the liability of
15 the State to the various funds of the system on account of the
16 employees in the departments and agencies, the trustees of the
17 office of Hawaiian affairs, and the employees of the Hawaii
18 health systems corporation [~~.—This provision shall apply to any~~
19 ~~department or agency of the State that is authorized by law to~~
20 ~~fix, regulate, and collect rents, rates, fees, or charges of any~~
21 ~~nature.] whose wages are paid in whole or in part from state~~
22 non-general funds. This subsection shall not apply as to rental



1 units receiving federal subsidies until approval has been
2 obtained from the appropriate federal agency."

3 SECTION 4. Section 88-125, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) The amount [~~payable~~] reimbursable by each department
6 or agency of the State, the office of Hawaiian affairs, or the
7 Hawaii health systems corporation, [~~covered~~] as required by this
8 section, shall be determined at least quarterly by the
9 department of budget and finance on the basis of the payroll of
10 the employees of the department or agency, trustees of the
11 office of Hawaiian affairs, or the Hawaii health systems
12 corporation who are members of the system and paid from state
13 non-general funds. The amount shall be determined in the same
14 manner the allocation of employer contributions is determined in
15 section 88-123. The comptroller of the State, the office of
16 Hawaiian affairs, the Hawaii health systems corporation, or any
17 department or agency having control of its own funds, upon
18 information furnished by the department of budget and finance,
19 shall issue a check for the proper amount, plus interest, to the
20 director of finance, charging the same to the appropriate fund.

21 The director of finance shall charge interest on the
22 reimbursed amount for the period between the date the payment of



1 contributions from the general fund is made by the director and
2 a date specified by the director that shall not be later than
3 the date of receipt of the reimbursement by the director. The
4 rate of interest shall be 0.25 per cent for each month or
5 fraction thereof.

6 The director of finance shall place all such sums to the
7 credit of the [~~State as part payment of the State's~~
8 ~~contributions to the various funds of the system.~~] state general
9 fund."

10 SECTION 5. The repeal of this Act on June 30, 2015,
11 pursuant to section 6 shall not affect the payment,
12 reimbursement, or interest charged on state contributions for
13 the fiscal quarter from April to June 2015, to the employees'
14 retirement system. The payment, reimbursement, or interest for
15 that fiscal quarter shall be subject to this Act as if it were
16 not repealed on June 30, 2015.

17 SECTION 6. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 7. This Act shall take effect on July 1, 2011, and
20 be repealed on June 30, 2015; provided that sections 88-124 and
21 88-125, Hawaii Revised Statutes, that are amended by sections 2
22 and 3, respectively, of this Act shall be reenacted in the form



1 in which they read on the day before the effective date of this
2 Act.
3

INTRODUCED BY: Calvin K. Boy
JAN 21 2011



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. Requires payments to be made before the end of the fiscal quarter. 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 07/01/2011 and is repealed on 06/30/2015.

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