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# A BILL FOR AN ACT

RELATING TO STATE EMPLOYEES.

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

1           SECTION 1. The legislature finds that health benefits for  
2 all retirees from public service with the State are paid out of  
3 the state general fund. The legislature further finds that this  
4 places an unfair burden on the general fund, as approximately  
5 half of all state employees' positions are funded out of special  
6 funds. The legislature finds that it is appropriate to assess a  
7 surcharge for each state employee position that is funded by a  
8 special fund to offset retirement expenses that must be paid for  
9 from general funds.

10           The purpose of this Act is to require the director of  
11 finance to assess each special fund in order to reimburse the  
12 general fund for the cost of providing health benefits to those  
13 retirees whose jobs as active employees were funded by special  
14 funds.

15           SECTION 2. Chapter 36, Hawaii Revised Statutes, is amended  
16 by adding a new section to be appropriately designated and to  
17 read as follows:



1           "§36-       Special fund retirement surcharge. (a) Any law  
2 to the contrary notwithstanding, beginning July 1, 2011, and  
3 each year thereafter, the director of finance shall deduct, for  
4 the purpose of defraying retirement health benefits for state  
5 employees whose job positions are funded by special funds, an  
6 amount from each special fund corresponding to each state  
7 employee whose job position is funded by that special fund.

8           (b) Deductions shall be transferred to the general fund of  
9 the State, and they shall become general realizations of the  
10 State.

11           (c) All officers of the State and other persons having  
12 power to allocate or disburse any special funds shall cooperate  
13 with the director of finance in effecting these transfers.

14           (d) The director of finance shall adopt rules, pursuant to  
15 chapter 91, for the purpose of suspending or limiting the  
16 deduction from any special fund, including establishing amounts  
17 to be deducted each year."

18           SECTION 3. After July 1, 2011, the director of finance may  
19 make a one-time assessment from each special fund to execute the  
20 purpose of this Act for employees whose job positions were  
21 funded by that special fund but who are no longer serving in



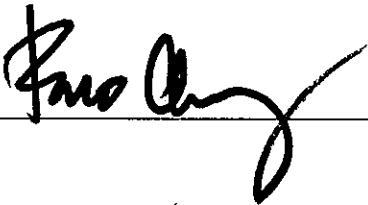
1 those positions. The assessment shall apply retroactively for a  
2 period of no longer than two years.

3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect on July 1, 2011.

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INTRODUCED BY:

  
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JAN 24 2011



**Report Title:**

Special Funds; Retirees; Health Benefits

**Description:**

Directs the director of finance to make an annual transfer from each special fund into the general fund to defray the cost of health benefits for retirees whose job positions were funded by special funds.

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