

Honolulu, Hawaii

Feb 14, 2012

RE: H.B. No. 1819

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1819 entitled:

"A BILL FOR AN ACT RELATING TO THE EMERGENCY AND BUDGET RESERVE FUND,"

begs leave to report as follows:

The purpose of this measure is to ensure that the Emergency and Budget Reserve Fund has adequate reserves during times of emergency, economic downturn, or unforeseen reduction in revenues while addressing the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund. Specifically, this measure:

- (1) Transfers into the Emergency and Budget Reserve Fund thirty percent of the general fund balance at the close of the fiscal year when general fund revenues for each of two successive fiscal years exceed revenue for each of the preceding fiscal years by five percent; and
- (2) Requires that thirty percent of the general funds deposited into the Emergency and Budget Reserve Fund be used to address the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund.

The Department of Budget and Finance testified in support of the intent of this measure. The Tax Foundation of Hawaii provided comments.



As the State experienced difficult economic times over the past few years, the Emergency Budget and Reserve Fund has been steadily depleted while there have been no new sources of revenue to replenish it. Your Committee also finds that the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund continues to grow and must be addressed. While developing a means to begin to address both the development of reserves and address the unfunded liability issue may be painful, your Committee finds that in times of economic prosperity, it is appropriate to divert funds from the general revenues of the State under certain circumstances to ensure that funds are available for future fiscal emergencies and to fund the State's unfunded liabilities.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1819 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



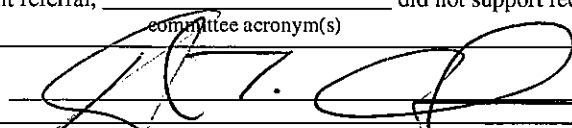
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 331-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1819	Committee Referral: LAB, FIN	Date: 2-7-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia	/			
8. OKAMURA, Tom				
9. SAIKI, Scott K.				/
10. SOUKI, Joseph M.				/
11. TAKUMI, Roy M.				/
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling	/			
TOTAL (13)	9	—	—	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
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