

Honolulu, Hawaii

March 29, 2011

RE: S.B. No. 1066
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 1066, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND,"

begs leave to report as follows:

The purpose of this bill is to:

- (1) Transfer the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) from the Department of Budget and Finance (B&F) to the Department of Human Resources Development (DHRD);
- (2) Change the composition, size, quorum requirements, and appointment process of the EUTF Board of Trustees;
- (3) Enable the EUTF to hire attorneys, independent of the Attorney General's Office;
- (4) Establish a sub-board of EUTF Board of Trustees to administer an exclusive bargaining unit's contributions and benefits in the case when an exclusive bargaining representative negotiates a specific contribution that applies to only that bargaining unit; and



- (5) Have health and other benefits plans for active employees based on collectively bargained contributions from the employers and employees, for retirees based on legislative appropriations and the counties, and for other eligible beneficiaries based on the contribution from the employer and employees.

The United Public Workers, AFSCME, Local 646, AFL-CIO testified in support of this bill. The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO testified in strong support of this bill with suggested amendments. B&F, the Department of the Attorney General, and a concerned individual testified in opposition to this measure. DHRD, the State Procurement Office, the City and County of Honolulu Department of Budget & Fiscal Services, and a concerned individual commented on this measure.

Your Committee has amended this bill by:

- (1) Deleting the provision that exempts the selection of benefit plan carriers from the Hawaii Public Procurement Code;
- (2) Changing the composition of the EUTF Board of Trustees to instead comprise:
 - (A) Six trustees, one each of whom shall represent Bargaining Units (2), (3), (4), (6), (8), (9), and (13); Bargaining Unit (5); Bargaining Unit (7); Bargaining Units (1) and (10); and Bargaining Units (11) and (12); and
 - (B) Six trustees to represent public employers, of which three are at-large trustees appointed by the governor to represent the State Administration; one trustee is nominated by the University of Hawaii Board of Regents and appointed by the governor; one trustee is nominated by the Board of Education and appointed by the governor; and one trustee is appointed by the mayors of the counties of Hawaii, Maui, and Kauai, and the mayor of the City and County of Honolulu;



- (3) Changing the process of selecting individuals to serve on the EUTF Board of Trustees, to instead have:
 - (A) Each trustee representing employee-beneficiaries for a bargaining unit appointed by the governor from a list of three candidates submitted to the governor by each exclusive bargaining representative for the exclusive bargaining representative's respective bargaining unit; and the trustee for retirees to be a state or county retiree and appointed by the governor; and
 - (B) Each at-large trustee representing public employers to be appointed by the governor;
- (4) Specifying that a vacancy on the EUTF Board shall be filled in the same manner as the member's initial appointment;
- (5) Specifying that all EUTF Board of Trustees shall have a fiduciary duty to the employee-beneficiaries of the EUTF;
- (6) Deleting provisions establishing the EUTF Board of Trustees sub-boards;
- (7) Repealing provisions relating to the appointment process of the Supreme Court Chief Justice to fill vacancies on the EUTF Board of Trustees;
- (8) Changing its effective date to July 1, 2011; and
- (9) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 S.B. No. 1066, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1066, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the



Committee on Labor & Public
Employment,

Karl Rhoads

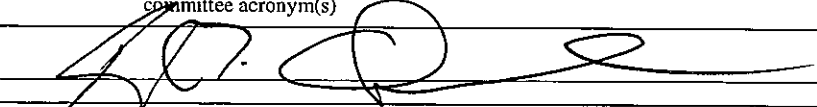
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 1213

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB1066 SD2	Committee Referral: LAB, FIN	Date: 3-18-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" 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. SAIKI, Scott K.		/		
9. SOUKI, Joseph M.		/		
10. TAKUMI, Roy M.	/			
11. FONTAINE, George R.		/		
12. JOHANSON, Aaron Ling		/		
TOTAL (12)	7	4	-	1
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: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				