

STAND. COM. REP. NO.

2210

Honolulu, Hawaii

FEB 15 2012

RE: S.B. No. 2753
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 2753 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to authorize the
Hawaii Employer-Union Health Benefits Trust Fund to create a trust
fund for the purpose of receiving employer contributions that will
prefund post-employment health and other benefits costs for
retirees and their beneficiaries.

Your Committee received testimony in support of this measure
from the Department of the Attorney General; the Department of
Budget and Finance; the Department of Budget & Fiscal Services of
the City and County of Honolulu; the Finance Department of the
County of Hawaii; the Hawaii State Teachers Association; and the
United Public Workers, AFSCME Local 646, AFL-CIO.

Your Committee finds that an audit of the Hawaii Employer-
Union Health Benefits Trust Fund concluded that the trust fund
does not have a separate trust fund that meets the requirements of
the Government Accounting Standards Board regarding other post-
employment benefits trusts. Specifically, an other post-
employment benefits trust must have the specific criteria of
irrevocability of contributions, dedication of plan assets to
paying benefits in accordance with the plan, and legal protection
of the plan assets from creditors. Currently, several counties



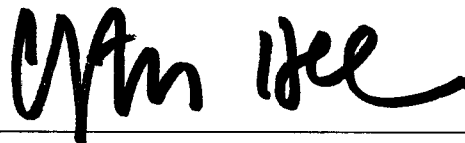
have made pre-funded contributions toward other post-employment benefits, but are unable to receive credit for the contributions because an established trust fund does not exist that meets the Government Accounting Standards Board requirements for other post-employment benefits plans. As such, this measure is intended to provide the means for these types of contributions that complies with the Government Accounting Standards Board's requirements.

Your Committee has amended this measure by:

- (1) Adding language suggested by the Department of the Attorney General that clarifies that this measure is not intended to bind the State or the counties to make contributions to the Hawaii Employer-Union Health Benefits Trust Fund, but only to establish a separate trust fund in accordance with the Government Accounting Standards Board requirements; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2753, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2753, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



