

STAND. COM. REP. NO.

2789

Honolulu, Hawaii

MAR 02 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 Ways and Means, to which was referred S.B. No. 2753, S.D. 1, 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 Board of the Employer-Union Health Benefits Trust Fund (trust fund) to create a trust fund for employer contributions that will prefund post-employment health and other benefit plan costs for retirees and their beneficiaries.

Written comments in support of this measure were submitted by the Department of Budget and Finance, Hawaii State Teachers Association, Hawaii Employer-Union Health Benefits Trust Fund, City and County of Honolulu, and Kauai County Council.

Your Committee finds that this measure will enable the establishment of a separate irrevocable trust for the other post-employment benefits that include various non-pension benefits, such as health care, that are made available to retirees. While there is no obligation to pre-fund other post-employment benefits, the Government Accounting Standards Board's requirement of this separate irrevocable trust will allow a public employer to use a higher discount rate in calculating its unfunded liability, which reduces the other post-employment benefits liability reported in its financial statements.

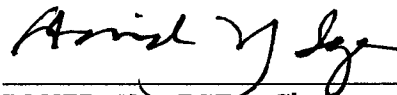


Your Committee also finds that other post-employment benefits funds held by the trust fund are currently being shown in employer financial reports as donations and not as other post-employment benefit contributions. The trust fund was made aware of this in their June 30, 2010, financial report which was issued in April 2011.

Your Committee further finds that this measure is necessary to ensure that prefunded contributions that are made by the public employers are used for its intended purpose and that public employers who make these contributions receive the proper credit for the other post-employment benefit contributions on their financial statements.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2753, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2753, SD1	JDL, WAM	2/28/12
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
IGE, David Y. (C)	✓	
KIDANI, Michelle N. (VC)	✓	
CHUN OAKLAND, Suzanne	✓	
DELA CRUZ, Donovan M.	✓	
ENGLISH, J. Kalani	✓	
ESPERO, Will	✓	
FUKUNAGA, Carol	✓	
KIM, Donna Mercado	✓	
KAHELE, Gilbert	✓	
KOUCHI, Ronald D.	✓	
RYAN, Pohai	✓	
TOKUDA, Jill N.	✓	
WAKAI, Glenn	✓	
SLOM, Sam	✓	
TOTAL	14	0
0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>		
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*Only one measure per Record of Votes