
A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND.

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

1 SECTION 1. Section 87A-42, Hawaii Revised Statutes, is
2 amended to read as follows:
3 "[+] §87A-42 [+] Other post-employment benefits trust. (a)
4 Notwithstanding sections 87A-31 and 87A-31.5, the board, upon
5 terms and conditions set by the board, may establish and
6 administer a separate trust fund for the purpose of receiving
7 employer contributions that will prefund other post-employment
8 health and other benefit plan costs for retirees and their
9 beneficiaries. If a fund is established, it shall meet the
10 requirements of the Government Accounting Standards Board
11 regarding other post-employment benefits trusts. Employer
12 contributions to the separate trust fund shall be irrevocable,
13 all assets of the fund shall be dedicated exclusively to
14 providing health and other benefits to retirees and their
15 beneficiaries, and assets of the fund shall not be subject to
16 appropriation for any other purpose and shall not be subject to
17 claims by creditors of the employers or the board or plan

1 administrator. The board's powers under section 87A-24 shall
2 also apply to any fund established pursuant to this section.

3 (b) If the board establishes a separate trust fund, as
4 described in subsection (a), monthly contributions shall be made
5 to the separate trust fund as follows:

6 (A) The State, but not the counties, shall, contribute to
7 the separate trust fund \$1 for each active State
8 employee to prefund other post-employment health and
9 other benefit plan costs for retirees and their
10 beneficiaries.

11 (B) Each active State employee enrolled in a health
12 benefits plan provided under this chapter shall,
13 contribute to the separate trust fund \$1 to prefund
14 other post-employment health and other benefit plan
15 costs for retirees and their beneficiaries. State
16 employees shall have the option of making this monthly
17 contribution in a pre-taxed or post-taxed manner."

18 SECTION 2. This Act shall not require the counties or
19 their employees to make any particular level of contributions to
20 the Hawaii employer-union health benefits trust fund now or in
21 the future, but only requires that the State and its employees
22 pay to the Hawaii employer-union health benefits trust fund

H.B. NO. 802

1 contributions for purposes of prefunding other post-employment
2 benefits.

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



BY REQUEST

7

JAN 22 2013

H.B. NO. 802

Report Title:

Employer-Union Health Benefits Trust Fund; Other Post-Employment Benefits Trust

Description:

Requires the State of Hawaii and its employees, but not the counties and their employees, to make monthly contributions to the Hawaii employer-union health benefits trust fund separate trust fund established to prefund other post-employment benefits if such a fund is established.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND OTHER POST-EMPLOYMENT BENEFITS TRUST FUND.

PURPOSE: To require the pre-funding of Other Post-Employment Benefits for State employee-beneficiaries of the Hawaii employer-union health benefits trust fund.

MEANS: Amend section 87A-42, Hawaii Revised Statutes.

JUSTIFICATION: The purpose of this bill is to establish statutory language that would require the pre-funding of Other Post-Employment Benefits (OPEB) for state employees. Currently, the State does not pre-fund a corpus to pay for retiree health benefit expenses, and the current status of the State's unfunded liability is growing at an accelerated pace. This condition is impacting the State's credit rating and financial position. Without any action the growth in the unfunded liability will continue to require ever increasing employer contributions as the cost of providing health benefits continues to rise. The bill would require the State (employer) and each active State employee-beneficiary to contribute \$1 each month to establish a corpus solely dedicated to pay for retiree health benefits. The bill does not require the counties to participate.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: To be determined.

OTHER FUNDS: To be determined.

PPBS PROGRAM
DESIGNATION:

None.

OTHER AFFECTED
AGENCIES:

Department of Budget and Finance.

EFFECTIVE DATE:

Upon approval.