

STAND. COM. REP. NO. 817

Honolulu, Hawaii
March 1, 2013

RE: H.B. No. 1177
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1177 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 measure is to restructure the Hawaii Employer-Union Health Benefits Trust Fund by, among other things:

- (1) Exempting specified procurements of professional and administrative services for the Trust Fund from the procurement code;
- (2) Outlining the duties and liabilities of fiduciaries of the trust;
- (3) Authorizing the Hawaii Employer-Union Health Benefits Trust Fund to retain its own attorneys rather than requiring the Attorney General to provide legal advice and representation;
- (4) Increasing the size of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund from ten to twelve members and adjusting the quorum and voting requirements accordingly;

HB1177 HD1 HSCR FIN HMS 2013-2351



- (5) Specifying the several collective bargaining units for which Board representation is required;
- (6) Specifying the several public employers both within the executive branch of the State and among the several counties for which Board representation is required;
- (7) Requiring the creation of a sub-board of trustees to manage contributions and benefits if the exclusive representative of a collective bargaining unit negotiates a specific contribution to apply to only that bargaining unit;
- (8) Authorizing the nominating or appointing authority to determine each trustee's term of office;
- (9) Requiring the Chief Justice of the Hawaii Supreme Court to fill vacancies if the appropriate appointing authority fails to do so;
- (10) Clarifying the source of contributions for each different type of beneficiaries; and
- (11) Transferring jurisdiction over the Hawaii Employer-Union Health Benefits Trust Fund from the Department of Budget and Finance to the Department of Human Resources Development.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supported this measure. The Department of Budget and Finance opposed this measure. The Department of Human Resources Development and State Procurement Office provided comments.

Your Committee has amended this measure by changing its effective date to July 1, 2030, to promote further discussion.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1177, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1177, H.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Finance,

A handwritten signature in black ink, appearing to read 'Sylvia Luke', written over a horizontal line.

SYLVIA LUKE, Chair



