

STAND. COM. REP. NO.

651

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 946

S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committees on Judiciary and Labor and Ways and Means, to which was referred S.B. No. 946 entitled:

"A BILL FOR AN ACT RELATING TO RESOLVING THE UNFUNDED LIABILITIES OF THE STATE AND THE COUNTIES,"

beg leave to report as follows:

The purpose and intent of this measure is to manage the unfunded liabilities of the Employer-Union Health Benefits Trust Fund.

More specifically, the measure:

- (1) Requires the trust fund to establish a separate trust fund for public employer contributions, with separate accounts for each public employer;
- (2) Establishes an annual required contribution that public employers must pay into the separate trust fund;
- (3) Requires the use of a portion of the general excise tax revenues to supplement deficient state public employer contribution amounts;
- (4) Requires the use of a portion of the transient accommodations tax revenues to supplement deficient county public employer contributions; and



- (5) Requires the Director of Finance to submit an implementation plan to have both the Employer-Union Health Benefits Trust Fund and the Employees' Retirement System jointly share investment information and services.

Your Committees received testimony in support of this measure from one concerned individual.

Your Committees received written comments on this measure from the Department of Budget and Finance, the Employees' Retirement System of the Department of Budget and Finance, and the Tax Foundation of Hawaii.

Your Committees find there is a critical need to find a manageable approach to resolving the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund.

Your Committees further note the concerns raised by the Board of Trustees of the Employees' Retirement System that enactment of this measure may possibly disrupt the board's primary fiduciary responsibility to the Employees' Retirement System. The Board is also concerned about possible federal income tax code issues that may jeopardize the tax qualification of the Employees' Retirement System. Your Committees are appreciative of the Board's comments and will consider these concerns while continuing the discussion on the measure.

Your Committees have amended this measure by:

- (1) Authorizing the Director of Finance to supplement deficient public employer contributions from other revenues or funds collected on behalf of the public employer or held by the State;
- (2) Changing the effective date to July 1, 2050, in order to facilitate continued discussion on the measure; and
- (3) Making technical nonsubstantive amendments for the purposes of consistency, clarity and style.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 946, as amended herein, and



recommend that it pass Second Reading in the form attached hereto as S.B. No. 946, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committees on Judiciary and Labor and Ways and Means,



DAVID Y. IGE, Chair



CLAYTON HEE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB946	JDL/WAM	2-22-13		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
GABBARD, Mike				✓
IHARA, Jr., Les	✓			
SLOM, Sam		✓		
<b>TOTAL</b>	3	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

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**WAM**

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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	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.				✓
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓	✓		
TOKUDA, Jill N.	✓			
SLOM, Sam		✓		
<b>TOTAL</b>	9	2	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office              Drafting Agency              Committee File Copy				

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