

JAN 17 2014

A BILL FOR AN ACT

RELATING TO EMPLOYER-UNION HEALTH BENEFITS.

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

1 SECTION 1. The purpose of this Act is to address annual
2 required contributions by the State to the Hawaii employer-union
3 health benefits trust fund.

4 Beginning with fiscal year 2016-17, this Act requires a
5 state non-general fund to reimburse the state general fund for
6 the portion of the annual required contributions made for health
7 benefits of state employees and retirees whose compensation are
8 or were paid from the non-general fund. This Act, however,
9 includes an exception from the requirement when a reimbursement
10 from a non-general fund for state retirees would be
11 unreasonable, inappropriate, or illegal. The legislature
12 intends, under this Act, that the state director of finance have
13 reasonable flexibility to calculate the reimbursement amount
14 owed by a non-general fund to the general fund.

15 This Act also includes a technical amendment expressly
16 requiring a non-general fund to reimburse the State for health
17 benefits contributions made for state retirees living outside
18 the State.



1 SECTION 2. Section 87A-39, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~§~~§87A-39[~~§~~] Reimbursement for state contributions. (a)

4 All state agencies having control of funds other than the
5 general fund shall reimburse the State for contributions made by
6 the State pursuant to sections 87A-32, 87A-33, 87A-33.5, 87A-34,
7 87A-35, 87A-36, and 87A-37 on account of agency employees whose
8 compensation is or was paid in whole or part from those non-
9 general funds [~~other than the general fund~~].

10 (b) All state and county agencies receiving federal funds,
11 which may be expended for the purpose of replacing the
12 contributions payable by the State to the Hawaii employer-union
13 health benefits trust fund, shall set aside a portion of the
14 federal funds sufficient to reimburse the State for
15 contributions made by the State pursuant to sections 87A-32,
16 87A-33, 87A-33.5, 87A-34, 87A-35, 87A-36, and 87A-37, on account
17 of the employees in the agencies whose compensation is or was
18 paid in whole or part from those federal funds.

19 (c) (1) Beginning with fiscal year 2016-17, all state
20 agencies having control of funds other than the
21 general fund shall reimburse the State for the portion
22 of the annual required contribution made by the State



1 pursuant to section 87A-42(b), (c), or both, on
2 account of:

3 (A) Agency employees in active service whose
4 compensation is paid in whole or part from those
5 non-general funds; and

6 (B) Agency retirees whose compensation immediately
7 before retirement from active service was paid in
8 whole or part from those non-general funds.

9 (2) If the director of finance finds that it would be
10 unreasonable, inappropriate, or illegal to require a
11 reimbursement of the general fund from a particular
12 non-general fund for the portion of the annual
13 required contribution attributable to agency retirees,
14 the director shall waive the reimbursement requirement
15 for that portion. The director of finance may apply
16 the waiver for a fiscal period of any length, but not
17 indefinitely, and shall periodically review the waiver
18 before expiration to determine if it continues to be
19 necessary.

20 In no instance shall the director of finance waive the
21 requirement that a non-general fund reimburse the
22 general fund for the portion of the annual required



1 contributions attributable to agency employees in
2 active service whose compensation is paid in whole or
3 part from that non-general fund.

- 4 (3) The director of finance shall calculate the amount
5 that a state agency is required to reimburse the
6 general fund from a non-general fund pursuant to this
7 subsection. The director of finance shall use a
8 reasonable calculation method determined by the
9 director that may be applied efficiently and cost-
10 effectively. The director of finance's calculation
11 shall be final; except that a state agency may appeal
12 the director's calculation to the governor, who may
13 consider the appeal without regard to chapter 91 or
14 92. If choosing to consider the appeal, the sole
15 question to be decided by the governor is whether the
16 director of finance's calculation is reasonable. The
17 governor's decision on the appeal shall be final.
- 18 (4) After calculation of the reimbursement amount owed by
19 a non-general fund, the director of finance shall bill
20 the state agency for the amount. The state agency
21 shall disburse the reimbursement amount from the non-
22 general fund to the director of finance within a



S.B. NO. 2409

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; Unfunded Liability; Non-General Fund Reimbursement

Description:

Requires, from FY 2016-2017, a state non-general fund to reimburse the state general fund for annual required contributions made from the general fund for state employees and retirees whose compensation is or was paid from the non-general fund. Requires a non-general fund to reimburse the State for contributions made for state retirees living outside the State.

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