

Honolulu, Hawaii

MAR 21 2013

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

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

Madam:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 1177, H.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:

- (1) Exempt specified procurements of professional and administrative services for the Hawaii employer-union health benefits trust fund (EUTF) from the public procurement code;
- (2) Establish trust fiduciary duties for the EUTF Board of Trustees, prohibit certain transactions, and establish liabilities for breaching a fiduciary duty;
- (3) Exempt the EUTF from the requirement of employing or retaining the Attorney General for legal advice and representation and authorize the EUTF Board of Trustees to appoint or retain by contract an attorney for legal advice and representation who is independent of the attorney general, provided that the attorney has benefits experience with the federal Employee Retirement Income Security Act from the private or public sector;
- (4) Restructure the composition of the EUTF Board of Trustees by:



- (A) Increasing the number of members of the EUTF Board of Trustees from ten to twelve members;
 - (B) Specifying collective bargaining units to be represented by each EUTF trustee;
 - (C) Specifying the public employers within the Executive Branch of the State and among the several counties to be represented by each EUTF trustee; and
 - (D) 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;
- (5) Authorize the nominating or appointing authority to determine each trustee's term of office and require the Chief Justice of the Hawaii Supreme Court to fill vacancies if the appropriate appointing authority fails to do so;
 - (6) Adjust the quorum requirements of the EUTF Board of Trustees for the transaction of board business and voting requirements for board actions;
 - (7) Specify the basis of contributions for each different type of beneficiary for the administration of the EUTF; and
 - (8) Transfer the jurisdiction over the EUTF from the Department of Budget and Finance to the Department of Human Resources Development.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO. Testimony in opposition to this measure was submitted by the Department of the Attorney General, Department of Budget and Finance, Department of Human Resources Development, Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund, and State Procurement Office.



Your Committee finds that benefits are an integral part of employee compensation. The Hawaii Government Employees Association testified that the EUTF is not operating as originally intended and has become a serious concern for many public employees and employers. This measure restructures and makes substantial reforms to the EUTF to eliminate several problems that are causing the EUTF to be ineffective and expensive.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1177, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,

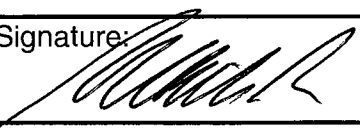


CLAYTON HEE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1177 , HD1	JDL , WAM	3/18/13		
<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 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
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les				✓
SLOM, Sam	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes