

STAND. COM. REP. NO.

635

Honolulu, Hawaii

March 6, 2015

RE: H.B. No. 1356

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1356 entitled:

"A BILL FOR AN ACT RELATING TO UNFUNDED LIABILITIES,"

begs leave to report as follows:

The purpose of this measure is to address the State's unfunded liabilities for public employee health benefits, while providing the State with funding flexibility, by:

- (1) Establishing a Rate Stabilization Reserve Fund to provide reserve funding to stabilize the Hawaii Employer-Union Health Benefits Trust Fund at times when there are insufficient moneys to cover the cost of benefits; and
- (2) Capping the required annual contributions to the Other Post-Employment Benefits Trust once the separate accounts for each public employer within the separate trust fund have a combined balance of at least \$2,000,000,000.

The State Representative of House District 30, The Chinatown Business & Community Association, National Association for Uniformed Services Hawaii Chapter, and an individual provided testimony in support of the measure. The Department of Budget and Finance provided testimony in opposition. The Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees and Tax Foundation of Hawaii provided comments.

HB1356 HSCR FIN HMS 2015-2429-1



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. 1356 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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



