

STAND. COM. REP. NO.

1144

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 1356
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, 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 and intent of this measure is to:

- (1) Establish the rate stabilization reserve fund to stabilize the Hawaii employer-union health benefits trust fund (EUTF) when there are insufficient funds to cover the costs of providing benefits to employee-beneficiaries and dependent-beneficiaries; and
- (2) Cap employer contributions to the other post-employment benefits (OPEB) trust fund when the separate accounts for each public employer within the OPEB trust fund have an aggregate balance of at least \$2,000,000,000.

Your Committee received testimony in support of this measure from the Chinatown Business & Community Association, Outrigger Enterprises Group, and twenty-two individuals. Your Committee received testimony in opposition to this measure from the Department of Budget and Finance and University of Hawaii Professional Assembly. Your Committee received comments on this measure from the Tax Foundation of Hawaii and Hawaii Employer-Union Health Benefits Trust Fund.



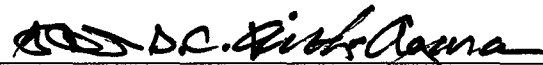
Your Committee finds that this measure seeks to address the issue of the unfunded liability of the EUTF. Your Committee believes that this measure should move forward for further consideration by the Committee on Ways and Means.

Your Committee has amended this measure by:

- (1) Removing a substantial portion of section 1;
- (2) At the request of the EUTF Board, inserting language from S.B. No. 1085 (Regular Session of 2015), which would remove restrictions on the EUTF Board's ability to invest monies and allow it to invest monies consistent with what the Employees' Retirement System is authorized to do;
- (3) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 1356, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1356, S.D. 1, and be referred to the Committee on Ways and Means.

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



GILBERT S.C. KEITH-AGARAN, Chair



