

Honolulu, Hawaii

FEB 15 2017

RE: S.B. No. 133
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 133 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC EMPLOYEES' FRINGE
BENEFITS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Statutorily require the actuary of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) to prepare an experience study at least once every three years and a valuation report annually; and
- (2) Reduce the maximum period between experience studies of the Employees' Retirement System (ERS) from five years to three years beginning with fiscal year 2018-2019.

Your Committee received comments on this measure from the Employees' Retirement System and Hawaii Employer-Union Health Benefits Trust Fund.

Your Committee finds that state and county contributions as employers for the normal cost and unfunded liability amortization of the ERS and EUTF are increasing and the State's and counties' liabilities and obligations for the pension and health insurance coverage of public employees are of major concern. Your Committee finds that this measure increases monitoring of the experience and



valuations of the ERS and EUTF to aid in the proper planning of future state and county budgetary needs.

Your Committee has amended this measure by:

- (1) As recommended by the EUTF:
 - (A) Deleting proposed statutory language that would have required the actuary of the EUTF to prepare an experience study at least once every three years; and
 - (B) Requiring the annual valuation to include an update of assumptions specific to the fund that are not updated by section 88-105, Hawaii Revised Statutes, as determined by the actuary at least once every three years;
- (2) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (3) 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 S.B. No. 133, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 133, S.D. 1, and be referred to your 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



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* SB133	Committee Referral: JDL, WAM	Date: 2/9/17		
<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
KEITH-AGARAN, Gilbert S.C. (C)	✓			
RHOADS, Karl (VC)	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
THIELEN, Laura H.	✓			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">Karl Rhoads</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes