

Honolulu, Hawaii

APR 05 2019

RE: H.B. No. 393
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred H.B. No. 393, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Create a fiduciary duty on Employer-Union Health Benefits Trust Fund trustees;
- (2) Prohibit transactions where the trustee has a conflict of interest; and
- (3) Establish liabilities for breach of fiduciary duty.

Your Committees received testimony in support of this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO and the Oahu County Democrats Legislative Priorities Committee. Your Committees received testimony in opposition to this measure from the Department of Budget and Finance.

Your Committees find that under existing law, Employer-Union Health Benefits Trust Fund (EUTF) trustees owe no fiduciary duty to the participants or beneficiaries of the EUTF when acting on



their behalf. Your Committees further find that currently, EUTF trustees may represent participants or beneficiaries where there is a conflict of interest. This measure creates a fiduciary duty on EUTF trustees which will increase the accountability of the EUTF trustees to the participants or beneficiaries and better protect their interests. Your Committees note that some of the terminology in this measure relating to fiduciary responsibilities may not be entirely appropriate to EUTF trustees, and encourage further discussion on this issue as this measure proceeds in the legislative process.

Your Committees have amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 393, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 393, H.D. 1, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Ways and Means,



DONOVAN M. DELA CRUZ, Chair



KARL RHOADS, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

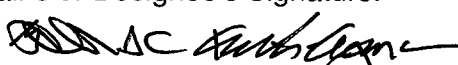
Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* HB 393 HOI SOI	Committee Referral: LCA, JDC/WAM	Date: 4/3/19		
<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
RHOADS, Karl (C)	✓			
WAKAI, Glenn (VC)	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0
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

The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB393 HDI SDI	LCA, JPCIWAM	4/3/19		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X GRA			X
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
TOTAL	9			4
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				

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