

JAN 24 2019

A BILL FOR AN ACT

RELATING TO INDIVIDUAL HOUSING ACCOUNTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 INDIVIDUAL HOUSING ACCOUNTS SAVINGS PROGRAM

6 § -1 Definitions. As used in this chapter:

7 "Board" means the individual housing accounts savings
8 board.

9 "Employee" means a person who is eligible to participate in
10 the program as established in section -4.

11 "Employer" includes any individual, partnership,
12 association, joint-stock company, trust, corporation, the
13 personal representative of the estate of a deceased individual
14 or the receiver, trustee, or successor of any of the same,
15 employing any person, but shall not include the State or any
16 political subdivision thereof or the United States.



1 "Program" means the individual housing accounts savings
2 program.

3 § -2 Individual housing accounts savings board. (a)

4 There is established within the department of budget and finance
5 for administrative purposes the individual housing accounts
6 savings board.

7 (b) The board shall consist of eight members as follows:

8 (1) The director of finance or the director's designee,
9 who shall serve as chairperson of the board;

10 (2) The director of human services or the director's
11 designee;

12 (3) The director of commerce and consumer affairs or the
13 director's designee;

14 (4) A representative of employers, to be appointed by the
15 governor;

16 (5) A representative with experience in the field of
17 investments, to be appointed by the governor;

18 (6) A representative of an association representing
19 employees, to be appointed by the governor;



1 (7) A member of the senate, to be appointed by the
2 president of the senate as a nonvoting advisory member
3 of the board; and

4 (8) A member of the house of representatives, to be
5 appointed by the speaker of the house of
6 representatives as a nonvoting advisory member of the
7 board.

8 (c) Members of the board appointed by the governor shall
9 be subject to the advice and consent of the senate.

10 (d) The term of office of each member of the board
11 appointed by the governor shall be four years, but the members
12 shall serve at the pleasure of the governor. A member shall be
13 eligible for reappointment. If there is a vacancy for any
14 cause, the governor shall make an appointment to become
15 immediately effective for the unexpired term. The senate member
16 shall serve at the pleasure of the president of the senate. The
17 member of the house of representatives shall serve at the
18 pleasure of the speaker of the house of representatives. All
19 other members shall serve in an ex officio capacity.

20 (e) A majority of the voting members of the board shall
21 constitute a quorum for the transaction of business.



1 (f) The members of the board shall serve without
2 compensation but shall be reimbursed for travel and other
3 necessary expenses in the performance of their official duties.

4 (g) The board may employ, without regard to chapter 76,
5 staff necessary for the performance of its functions and fix
6 their compensation.

7 § -3 Duties of the board. (a) The board shall:

8 (1) Establish, implement, and maintain the individual
9 housing accounts savings program pursuant to section
10 -4;

11 (2) Adopt rules pursuant to chapter 91 for the general
12 administration of the program as provided in section
13 -5;

14 (3) Direct the investment of the funds contributed to
15 accounts in the plan consistent with the investment
16 restrictions established by the board. The investment
17 restrictions shall be consistent with the objectives
18 of the plan, and the board shall exercise the judgment
19 and care then prevailing that persons of prudence,
20 discretion, and intelligence exercise in the
21 management of their own affairs with due regard to the



- 1 probable income and level of risk from certain types
2 of investments of money, in accordance with the
3 policies established by the board;
- 4 (4) Collect application, account, or administrative fees
5 to defray the costs of administering the plan;
- 6 (5) Make and enter into contracts, agreements, or
7 arrangements, and retain, employ, and contract for any
8 of the following considered necessary or desirable for
9 carrying out the purposes of this chapter:
- 10 (A) Services of private and public financial
11 institutions, depositories, consultants,
12 investment advisers, investment administrators,
13 and third-party plan administrators;
- 14 (B) Research, technical, and other services; and
- 15 (C) Services of other state agencies to assist the
16 board in its duties;
- 17 (6) Evaluate the need for, and procure as needed, pooled
18 private insurance of the plan; and
- 19 (7) Develop and implement an outreach plan to gain input
20 and disseminate information regarding the plan and
21 individual housing account savings in general.



1 § -4 Establishment of the individual housing accounts
2 savings program. (a) There is established the individual
3 housing accounts savings program to be administered by the
4 board. The program shall:

- 5 (1) Allow employees for compensation in the State to
6 contribute to an account established under the program
7 through payroll deduction;
- 8 (2) Require an employer to offer its employees the
9 opportunity to contribute to an account in the program
10 through payroll deductions;
- 11 (3) Provide for automatic enrollment of employees and
12 allow employees to opt out of the program;
- 13 (4) Offer a default contribution rate set by the board;
- 14 (5) Offer default escalation of contribution levels that
15 can be increased or decreased within the limits
16 established by the board;
- 17 (6) Provide for contributions to accounts in the program
18 to be deposited directly with the investment
19 administrator for the program;



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- 1 (7) Whenever possible, use existing employer and public
- 2 infrastructure to facilitate contributions to the
- 3 program, recordkeeping, and outreach;
- 4 (8) Allow no employer contributions to employee accounts;
- 5 (9) Have its records and its program accounts maintained
- 6 and accounted for separately;
- 7 (10) Provide reports on the status of program accounts to
- 8 program participants at least annually;
- 9 (11) Allow account owners to both maintain an account
- 10 regardless of their place of employment and to roll
- 11 over funds into other savings accounts;
- 12 (12) Pool accounts established under the program for
- 13 investment;
- 14 (13) Be professionally managed;
- 15 (14) Provide that the State and employers that participate
- 16 in the program have no proprietary interest in the
- 17 contributions to or earnings on amounts contributed to
- 18 accounts established under the program;
- 19 (15) Provide that the investment administrator for the
- 20 program shall be the trustee of all contributions and



- 1 earnings on amounts contributed to accounts
- 2 established under the program;
- 3 (16) Not impose on employers any duties that are otherwise
- 4 prohibited under state or federal law;
- 5 (17) Keep administration fees in the program low; and
- 6 (18) Allow the use of private sector partnerships to
- 7 administer and invest the contributions to the program
- 8 under the supervision and guidance of the board.

9 (b) The program, board, each board member, and State shall
10 not guarantee any rate of return or any interest rate on any
11 contribution; provided that the program, board, each board
12 member, and State shall not be liable for any loss incurred by
13 any person as a result of participating in the program.

14 § -5 Rules. The board shall adopt rules, pursuant to
15 chapter 91, necessary for the purposes of this chapter.

16 § -6 Confidentiality. Individual housing account
17 information for accounts under this program, including but not
18 limited to names, addresses, telephone numbers, personal
19 identification information, amounts contributed, and earnings on
20 amounts contributed, shall be confidential and shall be
21 maintained as confidential:



1 (1) Except to the extent necessary to administer the
 2 program in a manner consistent with this chapter, the
 3 tax laws of the State, and the Internal Revenue Code
 4 of 1986, as amended; or

5 (2) Unless the person who provides the information or is
 6 the subject of the information expressly agrees in
 7 writing that the information may be disclosed.

8 § -7 Individual housing accounts savings program

9 administrative fund. (a) There is established in the state
 10 treasury a special fund to be known as the individual housing
 11 accounts savings program administrative fund, into which shall
 12 be deposited:

13 (1) All interest collected under this chapter on and after
 14 the establishment of the program;

15 (2) Appropriations made by the legislature to the fund;

16 (3) All fees collected as provided in section -3; and

17 (4) Moneys transferred to the fund from the federal
 18 government, other state agencies, or local
 19 governments.

20 (b) The director of finance shall be the treasurer and
 21 custodian of the administrative fund.



1 (c) Moneys in the individual housing accounts savings
 2 program administrative fund shall be used to pay the
 3 administrative costs and expenses of the board and program and
 4 for any other purpose described in this chapter.

5 § -8 Annual report. The board shall prepare an annual
 6 report detailing the board's activities for the previous fiscal
 7 year. The annual report shall be submitted to the governor and
 8 legislature no later than twenty days prior to the convening of
 9 each regular session."

10 SECTION 2. There is appropriated out of the general
 11 revenues of the State of Hawaii the sum of \$ or so
 12 much thereof as may be necessary for fiscal year 2019-2020 and
 13 the same sum or so much thereof as may be necessary for fiscal
 14 year 2020-2021 to be deposited into the individual housing
 15 accounts savings program administrative fund.

16 SECTION 3. There is appropriated out of the individual
 17 housing accounts savings program administrative fund the sum of
 18 \$ or so much thereof as may be necessary for fiscal
 19 year 2019-2020 and the same sum or so much thereof as may be
 20 necessary for fiscal year 2020-2021 for administrative and




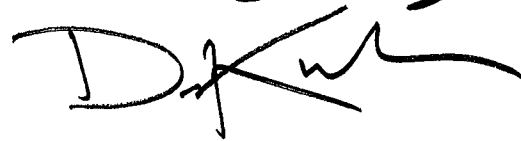
1 operating expenses of the individual housing accounts savings
2 board.

3 The sums appropriated shall be expended by the department
4 of budget and finance for the purposes of this Act.

5 SECTION 4. This Act shall take effect on July 1, 2019.

6

INTRODUCED BY:



S.B. NO. 1310

Report Title:

Individual Housing Accounts Savings Program; Individual Housing Accounts Savings Board; Appropriation

Description:

Establishes the Individual Housing Accounts Savings Board to administer the Individual Housing Accounts Savings Program and Individual Housing Accounts Savings Program administrative fund. Requires the board to annually report to the governor and legislature. Makes an appropriation.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

