

STAND. COM. REP. NO.

156

Honolulu, Hawaii

February 8, 2019

RE: H.B. No. 1462  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1462 entitled:

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

begs leave to report as follows:

The purpose of this measure is to address health and pension unfunded liabilities in the State by:

- (1) Requiring the State Auditor to study the feasibility of providing health benefits to state and county employees using a self-insured model; and submit a report of its findings, recommendations, and any proposed legislation to the Legislature prior to the 2020 Regular Session;
- (2) Appropriating funds for associated costs related to the study and report by the State Auditor;
- (3) Establishing a Rate Stabilization Reserve Fund (Reserve Fund) to cover the costs of providing health and other benefit plans for active employees and retirees and their beneficiaries at times when the Other Post-Employment Benefits (OPEB) Trust Fund has insufficient money;



- (4) Capping public employer contributions to the OPEB Trust Fund once the separate accounts for each public employer within the Trust Fund have a combined subaccount balance of at least \$2,000,000,000;
- (5) Transferring any investment income and interest in excess of \$2,000,000,000 at the end of each fiscal year from the OPEB and Hawaii Employer-Union Health Benefits Trust Funds to the Reserve Fund; and
- (6) Providing for the use of a portion of Transient Accommodations Tax revenues to supplement deficient county public employer contribution amounts.

Strategy for Hawaii-Western Management Group and an individual testified in support of this measure. The Office of the Auditor, Hawaii Employer-Union Health Benefits Trust Fund, Department of Budget and Finance, and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by changing its effective date to January 1, 2050, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1462, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1462, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,

  
AARON LING JOHANSON, Chair



