

Honolulu, Hawaii

, 2020

**FEB 13**

RE: H.B. No. 2399

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2399 entitled:

"A BILL FOR AN ACT RELATING TO THE MANAGEMENT OF STATE FUNDS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish an investment board of professionals and experts to oversee state treasury funds and provide additional resources to execute the policies and decisions of the investment board and Department of Budget and Finance; and
- (2) Amend provisions relating to the short-term investment of state monies, including the types of financial instruments that state money may be invested in.

Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Department of Budget and Finance, Employees' Retirement System, Hawaii Employer-Union Health Benefits Trust Fund, and Tax Foundation of Hawaii.



Your Committee finds the state treasury is invested in certificates of deposit and short-term treasuries or agencies having an average maturity of less than one year. Your Committee further finds there is less than one full-time equivalent position to invest and manage the state treasury. However, your Committee finds that the creation of a state funds investment board to address the management and investment of the state treasury is premature.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language establishing a state funds investment board;
- (2) Deleting language appropriating funds for the creation of a state fund investment board;
- (3) Requiring the Department of Budget and Finance to submit an annual report to the legislature on the short-term investments of state monies;
- (4) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 2399, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2399, H.D. 1, and be referred to your Committee on Finance.



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



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AARON LING JOHANSON, Chair



