

JAN 26 2022

A BILL FOR AN ACT

RELATING TO OTHER POST-EMPLOYMENT BENEFITS.

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

1 SECTION 1. The director of finance is authorized to issue
2 general obligation bonds in the sum of \$ or so much
3 thereof as may be necessary and the same sum or so much thereof
4 as may be necessary is appropriated for fiscal year 2022-2023 to
5 pay or prepay the State's other post-employment benefits
6 liability; provided that:

7 (1) The appropriation made for this transaction as
8 authorized by this section shall not lapse at the end
9 of the fiscal year for which the appropriation is
10 made;

11 (2) All moneys from the appropriation unencumbered as of
12 June 30, 2024, shall lapse as of that date;

13 (3) The general obligation bonds authorized by this
14 section shall be issued in the sole discretion of the
15 director of finance; provided that:

16 (A) To determine the annual required contribution, a
17 preliminary annual required contribution shall be



1 developed that treats the outstanding bond
2 balance as part of the plan's unfunded actuarial
3 accrued liability. The net cash contribution
4 required to be contributed to the plan shall
5 equal the preliminary annual required
6 contribution minus the bond repayment for the
7 respective year;

8 (B) Entities shall only be permitted to issue general
9 obligation bonds if the all-in true interest cost
10 of the bonds is at least three hundred basis
11 points less than the assumed rate of return of
12 the system the proceeds will be contributed to;

13 (C) General obligation bonds shall not be issued as a
14 means for addressing budget shortfalls related to
15 contributions required by law; and

16 (D) General obligation bonds may only be issued as a
17 means to produce long-term savings.

18 SECTION 2. This Act shall take effect on July 1, 2022.
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INTRODUCED BY:





S.B. NO. 3332

Report Title:

GO Bonds; Other Post-employment Benefits Liability

Description:

Authorizes GO bonds for the payment or prepayment of other post-employment benefits liability.

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