

STAND. COM. REP. NO. **294**-22

Honolulu, Hawaii
FEB 15 , 2022

RE: H.B. No. 2240
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Labor & Tourism, to which was referred H.B. No. 2240 entitled:

"A BILL FOR AN ACT RELATING TO OTHER POST-EMPLOYMENT BENEFITS,"

begs leave to report as follows:

The purpose of this measure is to authorize general obligation bonds for the payment or prepayment of other post-employment benefits liability.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and one individual. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the State's other post-employment benefits unfunded actuarial accrued liability as of July 1, 2021, stood at \$8,125,000,000, projected to be paid down through the year 2044. This measure seeks to provide a viable financing option for addressing and managing the unfunded liability and help to reduce the future financial strain on the State, counties, and taxpayers.

2022-1342 HB2240 HD1 HSCR HMSO



To address some of the risk that may accompany this financing strategy, the Department of Budget and Finance recommended that the definition of the annual required contribution be amended to require that other post-employment benefits bond debt be considered in the calculation of the annual required contribution. Your Committee recognizes that provisions relating to the annual required contribution, including its definition, were temporarily suspended through June 30, 2023, by Act 229, Session Laws of Hawaii 2021. Therefore, the requirement that bond debt be considered in the calculation of the annual required contribution should take effect on July 1, 2023.

Accordingly, your Committee has amended this measure by:

- (1) Requiring that other post-employment benefits bond debt be considered in the calculation of the annual required contribution;
- (2) Changing the effective date to December 25, 2040, to encourage further discussion; and
- (3) 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 & Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2240, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Tourism,



RICHARD H.K. ONISHI, Chair



