

STAND. COM. REP. NO.

2527

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 3072
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Labor, Culture and the Arts and Judiciary,
to which was referred S.B. No. 3072 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND INVESTMENTS,"

beg leave to report as follows:

The purpose and intent of this measure is to exempt the
Hawaii Employer-Union Health Benefits Trust Fund ("Trust Fund")
from disclosing certain documents relating to its alternative
investments under the Uniform Information Practices Act
(Modified), codified at chapter 92F, Hawaii Revised Statutes
("UIPA").

Your Committees received testimony in support of this measure
from the Hawaii Employer-Union Health Benefits Trust Fund. Your
Committee received comments on this measure from the Office of
Information Practices.

Your Committees find that the Trust Fund engages in
diversified investment, including high-yield private alternative
investment funds, to address its unfunded liability for the State
and counties, totaling \$10,500,000,000 and \$8,100,000,000,
respectively, rather than increase the amount of member
contributions. Your Committees further find that due diligence
into such investments requires the Trust Fund to invest time and
money in acquiring and analyzing detailed proprietary and



confidential information regarding the projected performance of each alternative investment fund. Your Committees find it concerning that the potential risk of the Trust Fund being required to disclose the proprietary and confidential information pertaining to its portfolio under the UIPA may deter some high-performing funds from allowing the Trust Fund to invest with them. Your Committees acknowledge that information pertaining to the Trust Fund's portfolio may be protected from disclosure under the UIPA's frustration exception; however, your Committees believe that the statutory exemption provided by this measure will provide confidence to alternative investment funds that the Trust Fund will not be required to release their proprietary and confidential information to the public, thereby allowing the Trust Fund to continue investing in funds that generate high investment returns.

Your Committees note that the language in section 2 of this measure creating a new section in chapter 87A, Hawaii Revised Statutes, governing the Trust Fund's disclosure of alternative investments information, mirrors that of section 88-103.5(c) through (e), Hawaii Revised Statutes, that governs the disclosure of alternative investment information for the Employees' Retirement System.

Accordingly, your Committees have amended this measure by:

- (1) Replacing the contents of section 2 with language amending section 87A-31, Hawaii Revised Statutes, to specify that the exemptions from disclosure of information pursuant to the UIPA set forth in sections 88-103.5(c) through (e), Hawaii Revised Statutes, shall apply to the disclosure of information relating to the Trust Fund's alternative investments; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Labor, Culture and the Arts and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3072, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3072, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Labor, Culture
and the Arts and Judiciary,



KARL RHOADS, Chair

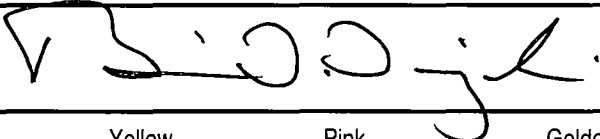


BRIAN T. TANIGUCHI, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Labor, Culture and the Arts
LCA

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3072	LCA/JDC, WAM	2/10/2022		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			✓
IHARA, Jr., Les (VC)				✓
CHANG, Stanley	✓			
KEOHOKALOLE, Jarrett	✓			
FEVELLA, Kurt	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* SB 3072	Committee Referral: LCA / JDC, WAM	Date: 02-10-22
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
KEOHOKALOLE, Jarrett (VC)	✓			
ACASIO, Laura	✓			
GABBARD, Mike	✓			
KIM, Donna Mercado	✓			
LEE, Chris	✓			
FEVELLA, Kurt	✓			
TOTAL	7	-	-	-

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: *Karl Rhoads*

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