

JAN 25 2023

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND.

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

1 SECTION 1. The legislature finds that the employees'
2 retirement system created the Hawaii targeted investment program
3 to fulfill the mandate of Act 260, Session Laws of Hawaii 2007
4 (Act 260), and has committed \$117,000,000 to this program. The
5 legislature further finds that the Hawaii employer-union health
6 benefits trust fund board of trustees may, pursuant to section
7 87A-24(2), Hawaii Revised Statutes, "[i]nvest moneys in the same
8 manner specified in section 88-119", relating to investments for
9 the employees' retirement system.

10 The legislature encourages the Hawaii employer-union health
11 benefits trust fund to establish a program similar to the Hawaii
12 targeted investment program or seek opportunities to invest in
13 Hawaii businesses. The Hawaii employer-union health benefits
14 trust fund board of trustees can hold, purchase, sell, assign,
15 transfer, or dispose of any securities or other investments of
16 the fund, in addition to the proceeds of those investments and



1 any moneys belonging to the fund. The Hawaii employer-union
2 health benefits trust fund investment policy statement includes
3 as its foremost investment objectives the accumulation and
4 preservation of assets from ongoing employer and participant
5 contributions in order to meet all benefit and expense
6 obligations when due. To meet these objectives, the investment
7 committee has segmented the Hawaii employer-union health
8 benefits trust fund portfolio into two components, a liquid
9 short-term operating asset pool and a long-term investment
10 portfolio. The long-term investment portfolio, or OPEB trust,
11 has an actuarially assumed rate of return of 7.0 per cent. The
12 reserves are further divided to allow for the investment of
13 excess funds and do not possess an assumed rate of return, as
14 liquidity is the primary objective with a positive real return
15 as a secondary objective.

16 The legislature further finds that the Hawaii employer-
17 union health benefits trust fund produced investment returns
18 that have outperformed standard benchmarks in the long run.
19 This performance has been instrumental in helping to reduce the
20 Hawaii employer-union health benefits trust fund's large



1 \$8,961,657,000 unfunded actuarial accrued liability as of
2 June 30, 2022.

3 The legislature seeks opportunities that provide for
4 Hawaii's economic growth, benefit its residents, protect the
5 environment, and minimize financial burdens on current and
6 future generations.

7 The purpose of this Act is to encourage the Hawaii
8 employer-union health benefits trust fund to develop a program
9 that considers investment opportunities in industries that will
10 sustain Hawaii's natural environment or produce economic
11 opportunities for its residents, including renewable energy
12 businesses and businesses that use investment capital to acquire
13 the infrastructure and services needed to become energy
14 sustainable, and to support these investment opportunities
15 through an appropriation to the trust fund.

16 SECTION 2. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2023-2024 for
19 the Hawaii employer-union health benefits trust fund to develop
20 a program that considers investment opportunities in industries
21 that will sustain Hawaii's natural environment or produce



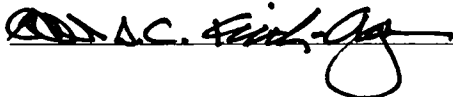
S.B. NO. 1226

1 economic opportunities for its residents, including renewable
2 energy businesses and businesses that use investment capital to
3 acquire the infrastructure and services needed to become energy
4 sustainable; provided that until the Hawaii employer-union
5 health benefits trust fund performs its due diligence in
6 accordance with its investment policy statement and commits and
7 distributes these funds to the investment opportunity, the
8 Hawaii employer-union health benefits trust fund shall treat
9 this appropriation as an advance payment credit of state
10 contributions.

11 The sum appropriated shall be expended by the Hawaii
12 employer-union health benefits trust fund for the purposes of
13 this Act.

14 SECTION 3. This Act shall take effect on July 1, 2023.

15

INTRODUCED BY: 



S.B. NO. 1226

Report Title:

EUTF; Investments; Appropriation

Description:

Encourages the EUTF to consider investment opportunities in industries that will sustain Hawaii's natural environment or produce economic opportunities for its residents, including renewable energy businesses and businesses that use investment capital to acquire the infrastructure and services needed to become energy sustainable. Appropriates funds to the EUTF.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

