

Honolulu, Hawaii

April 7, 2006

RE: S.B. No. 2273
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2273, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this bill is to clarify and conform existing statutory language regarding the Employees' Retirement System (ERS) to current practices. Among other things, this bill:

- (1) Allows former contributory plan members whose accumulated contribution balances are more than \$1,000 to leave their contributions in the ERS until they reach the age of 62;
- (2) Requires the filing of accidental and ordinary death benefit claims within three years of a member's death;
- (3) Allows former employees with vested contributory plan rights to withdraw their contributions at any time;
- (4) Allows the Board of Trustees of the ERS to use limited liability companies as an investment vehicle;



- (5) Establishes a deadline for employer contributions and requires payment of interest by the employer on late contributions for members who are called to active military duty;
- (6) Clarifies that ordinary death benefits are payable to a beneficiary if a member with vested status dies before the member is eligible to retire while on active military duty;
- (7) Gives members who are out of state on active military duty additional time to make the Hybrid Plan election;
- (8) Eliminates the June 30, 2006, deadline by which members must claim noncontributory plan membership service for such service to be eligible for conversion to the Hybrid Plan membership service since no ruling has yet been received from the Internal Revenue Service;
- (9) Clarifies selection and irrevocability of beneficiary designations under survivor retirement options;
- (10) Clarifies that the computation of non-tax qualified benefits for highly compensated individuals includes the member's class of service as of June 30, 2004; and
- (11) Amends and adds various definitions for consistency and conformity.

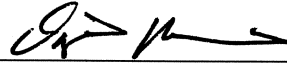
The Department of Budget and Finance and Hawaii State Teachers Association testified in support of this bill.

Your Committee has amended this bill by making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2273, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2273, S.D. 2, H.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Finance,



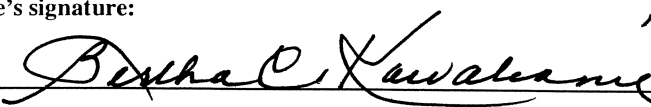
DWIGHT TAKAMINE, Chair



State of Hawaii
House of Representatives
The Twenty-third Legislature

HSCR 1583-06

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 2273, SD2	Date: <div style="font-size: 24pt; text-align: center;">3.30.06</div>			
Committee Referral: LAB, FIN	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Recommit				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAMINE, Dwight Y. (C)	✓			
2. KAWAKAMI, Bertha C. (VC)	✓			
3. CARROLL, Mele	✓			
4. CHONG, Pono	✓			
5. EVANS, Cindy	✓			
6. LEE, Marilyn B.	✓			
7. MAGAOAY, Michael Y.	✓			
8. NAKASONE, Bob	✓			
9. NISHIMOTO, Scott Y.	✓			
10. TANAKA, Kameo	✓			
11. TSUJI, Clift	✓			
12. WAKAI, Glenn	✓			
13. YAMANE, Ryan I.	✓			
14. YAMASHITA, Kyle T.	✓			
15. MEYER, Colleen Rose				✓
16. MOSES, Mark S.	✓			
17. PINE, Kymberly	✓			
18. STEVENS, Anne V.	✓			
TOTAL	17			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <div style="text-align: center; font-size: 24pt; font-family: cursive;">  </div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				