

Honolulu, Hawaii  
March 24, 2006

RE: S.B. No. 2274  
S.D. 1  
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 Labor & Public Employment, to which was referred S.B. No. 2274, S.D. 1, 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 enable the Employees' Retirement System (ERS) to maintain its tax-qualified status by prohibiting members from:

- (1) Receiving refunds of contributions made while employed by the State or counties; and
- (2) Making additional contributions once the member has received a refund of contributions while employed by the State or counties.

The Department of Budget and Finance and Hawaii State Teachers Association testified in support of this bill. The ERS supported this measure with amendments.

While your Committee finds that this measure is necessary to protect the ERS's tax-qualified status under the Internal Revenue Code of 1986, as amended, a companion measure passed earlier this session by your Committee on Labor is currently going through the legislative process in the Senate.

SB2274 HD1 HSCR LAB HMS 2006-2812



However, your Committee has been informed that the county clerks for the counties of Hawaii and Kauai are currently allowed to claim membership in the ERS as class A members while the Directors of the Office of Council Services for the City and County of Honolulu and County of Maui are not accorded this same privilege. As these officials perform the same legislative support function as county clerks, they should be afforded this privilege.

Accordingly, your Committee has amended this measure by deleting its contents and replacing it with language that classifies the Directors of the Offices of Council Services for the City and County of Honolulu and County of Maui as class A members if the person was in service prior to July 1, 2006.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2274, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2274, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,

  
KIRK CALDWELL, Chair



