

STAND. COM. REP. NO.

2277

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 2206
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor, to which was referred S.B. No. 2206
entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide for automatic post
retirement allowance increases based upon the member's number of
credited years of service and the number of years in retirement.

Testimony in support of this measure was submitted by the
Hawaii State Teachers Association-Retired, the Hawaii State
Teachers Association, and the Hawaii Government Employees
Association Retirees Unit. Testimony in opposition to this
measure was submitted by the Department of Budget and Finance.
Comments on this measure were also submitted by the Employees'
Retirement System (ERS).

Your Committee finds that the current post retirement
allowance increases are grossly inadequate in combating the
negative effect of inflation on pensions. However, your Committee
finds that there is concern over the manner by which a new method
for calculating post retirement allowance increases may be
established. According to testimony provided, the method of
calculation under this measure may be problematic in gaining
favorable consideration by the Internal Revenue Service, thus
jeopardizing the ERS's current tax-exempt status. Your Committee
further finds that in the interest of protecting the ERS, the ERS

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should conduct a study on appropriate and viable options for establishing a new method for providing post retirement allowance increases that will be more favorable to retirees, especially those that have been retired for a number of years.

Accordingly, your Committee has amended this measure by replacing its contents with language that appropriates funds from the ERS' investment earnings to the ERS to conduct a study on appropriate options for calculating post retirement allowance increases.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2206, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2206, S.D. 1, and be referred to the Committee on Ways and Means.

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




BRIAN KANNO, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Labor
(Bills and Resolutions)

Measure:* SB2206	Committee Referral: LBR, WAM	Date: 2-1-06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <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	Ayes	Ayes(WR)	Nays	Excused
KANNO, Brian (C)	✓			
IHARA, Jr., Les (VC)	✓			
TANIGUCHI, Brian T.				✓
SLOM, Sam		✓		
TOTAL	2	1	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				

*Do not list more than one measure per Record of Votes.