

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 2274  
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 Ways and Means, to which was referred S.B. No. 2274 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 amend certain provisions of the State's Employees' Retirement System law to maintain its tax qualified status.

Specifically, the measure:

- (1) Amends section 88-321, Hawaii Revised Statutes, to prohibit former contributory class A plan members of the Employees' Retirement System who withdrew or received refunds of their contributions under section 414(h)(2) of the Internal Revenue Code of 1986, as amended, while still employed by the State or a county, from joining the contributory class H (hybrid) plan; and
- (2) Repeals section 88-46.5, Hawaii Revised Statutes, which allows contributory class A and contributory class H members to withdraw their accumulated contributions while still employed by the State or county if beset by economic hardship.



Your Committee finds that the measure is necessary to protect the Employees' Retirement System's tax qualified status under the Internal Revenue Code of 1986, as amended.

Your Committee has amended the measure by:

- (1) Clarifying that the measure also pertains to class B members of the Employees' Retirement System;
- (2) Clarifying that a former class A or class B member who:
  - (A) After June 30, 1984, returns to service without vested benefit status;
  - (B) Is required to enroll as a class C member; and
  - (C) Has been refunded all accumulated contributions;Does not have the option to be a class H member upon a return to service; and
- (3) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2274, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2274, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
BRIAN T. TANIGUCHI, Chair



The Senate  
Twenty-Third Legislature  
State of Hawaii

Record of Votes of the  
Committee on Ways and Means  
(Bills and Resolutions)

Measure:* SB 2274	Committee Referral: LBR, WAM	Date: 2/27/06		
<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
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUE, Lorraine R.	/			
KANNO, Brian	/			
KIM, Donna Mercado	/			
KOKUBUN, Russell S.	/			
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman	/			
HEMMINGS, Fred				/
SLOM, Sam	/			
TRIMBLE, Gordon	/			
TOTAL	14	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				

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