

STAND. COM. REP. NO.

2283

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 2646

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. 2646
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 establish a mechanism for
reserving and appropriating twenty percent of the State's excess
revenues to the employees' retirement system to pay down the
unfunded liability of the system.

This measure also appropriates funds to the ERS to reduce the
system's unfunded liability.

Testimony in support of this measure was submitted by the
Hawaii State Teachers Association. Comments on this measure were
submitted by the Department of Budget and Finance and the ERS.

Your Committee finds that the ERS' funded ratio has declined
from ninety-five percent in 2000 to sixty-nine percent in 2005.
This decrease is largely attributed not only to the financial
market downturn in the wake of the events of September 11, 2001,
but also the Legislature's diversion of the ERS' excess investment
earnings in the past to address state and county budgetary needs.
Your Committee further finds that approximately \$3,900,000,000 is
needed to fully fund the ERS, a necessary and attainable goal with
the proper planning. This measure will appropriate funds to the
ERS to begin to address the ERS' unfunded liability as well as
create a mechanism by which excess state revenues, in economically

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prosperous times, will be used to decrease the ERS' unfunded liability. Your Committee believes that the reduction and eventual elimination of the ERS' unfunded liability is an important objective that should be addressed before the problem increases further.

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. 2646 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

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

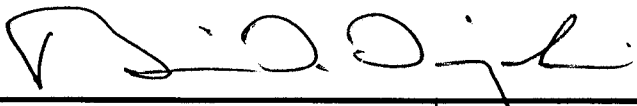


BRIAN KANNO, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

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

Measure:* SB 2646	Committee Referral: LBR, NAM	Date: 7/10/06		
<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 checked="" type="checkbox"/> Pass, unamended (2312) <input 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	1	2		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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