

STAND. COM. REP. NO. 1165

Honolulu, Hawaii

March, 2007

RE: H.B. No. 1291

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1291 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 statutes relating to the Employees' Retirement System (ERS) to current practices. Among other things, this measure:

- (1) Requires payment of interest to noncontributory members who have deductions erroneously made from their compensation;
- (2) Eliminates the eligibility of a foster child to receive death benefits of a member if the member dies in service;
- (3) Allows the ERS Board of Trustees (Board) to set the salary of the Chief Investment Officer in the same manner used to set the salary of the Administrator;
- (4) Requires contributions exceeding 75 percent of the statutory cap established for judges, legislative officers, and elected officials to be refunded when they leave service to comply with federal income tax laws;



- (5) Provides post retirement benefits to contributory and hybrid plan beneficiaries who select a monthly annuity instead of the lump sum balance;
- (6) Requires the claims for survivor benefits to be filed no later than three years from the date of the retirant's death;
- (7) Deletes the requirement that ordinary death benefits be computed in the same manner as ordinary disability benefits for deceased members with 10 years of service who are not eligible for retirement;
- (8) Allows the Board to adopt actuarial tables, factors, or assumptions at a duly noticed meeting;
- (9) Provides criteria for the conversion of noncontributory service to hybrid service once conversion is allowed; and
- (10) Allows hybrid plan members to retire at any time once their ordinary disability applications have been approved by the Board.

The Department of Budget and Finance, Board of Trustees of the Employees' Retirement System, Office of Hawaiian Affairs, and the Hawaii State Teachers Association supported this bill.

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

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 H.B. No. 1291, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1291, H.D. 1.

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



MARCUS R. OSHIRO, Chair



HJR 1165

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 1291		Date: 2/24/07		
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"/> Pass, with amendments, for recommitment for further consideration				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. BELATTI, Della Au	✓			
4. BROWER, Tom	✓			
5. CARROLL, Mele	✓			
6. CHONG, Pono	✓			
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. MAGAOAY, Michael Y.	✓			
10. MANAHAN, Joey	✓			
11. MIZUNO, John	✓			
12. NAKASONE, Bob	✓			
13. RHOADS, Karl	✓			
14. SAGUM, Roland D., III	✓			
15. TOKIOKA, James Kunane				✓
16. AWANA, Karen Leinani	✓			
17. MEYER, Colleen Rose	✓			
18. WARD, Gene, Ph.D.	✓			
TOTAL				
	17	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <i>Maui Lee</i>				
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