Honolulu, Hawaii

Feb 12, 2007

RE: H.B. No. 1291

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

Sir:

     Your Committee on Labor & Public Employment, 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)   Allows payment of interest to noncontributory member 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 post retirement allowances paid prior to the death of a contributory or hybrid plan member to be deducted from the death benefits payable under the maximum allowance or Option One balance of the insurance reserve;

(7)   Prohibits a retirant's beneficiary from electing to receive a 100 percent survivor benefit in lieu of the option selected by the retirant under certain conditions;

(8)   Requires the claims for survivor benefits to be filed no later than three years from the date of the retirant's death;

(9)   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;

(10)   Allows the Board to adopt actuarial tables, factors, or assumptions at a duly notice meeting;

(11)   Provides criteria for the conversion of noncontributory service to hybrid service once conversion is allowed; and

(12)   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, ERS Board of Trustees, Office of Hawaiian Affairs, and Hawaii State Teachers Association testified in support of this bill.

Your Committee finds that this bill streamlines the administration of the ERS' and conforms existing statute to current operating practices of the ERS.

    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
H.B. No. 1291 and recommends that it pass Second Reading and be
referred to the Committee on Finance.

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

                              _____
                              ALEX M. SONSON, Chair

State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 303

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1291	Date: 2-6-07
Committee Referral: LAB,FIN	☐ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☒ Pass, unamended   ☐ Pass, with amendments

☐ Hold   ☐ Pass, with amendments, for recommittal for further consideration

LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	✓			
2. NAKASONE, Bob (VC)	✓			
3. EVANS, Cindy	✓			
4. HAR, Sharon E.	✓			
5. LEE, Marilyn B.	✓			
6. LUKE, Sylvia	✓			
7. McKELVEY, Angus L.K.	✓			
8. NISHIMOTO, Scott Y.	✓			
9. SOUKI, Joseph M.	✓			
10. TAKAMINE, Dwight Y.	✓			
11. TAKUMI, Roy M.	✓			
12. MEYER, Colleen Rose				✓
13. PINE, Kymberly Marcos				✓
TOTAL	11			2

The recommendation is: ☒ Adopted

☐ Not Adopted

If joint referral, _____ did not support recommendation.
committee acronym(s)

_____
Vice Chair's or designee's signature:

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