

STAND. COM. REP. NO. 1841

Honolulu, Hawaii
A-25, 2007

RE: S.B. No. 1284
S.D. 2
H.D. 2

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 S.B. No. 1284, S.D. 2, H.D. 1, 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 address the Employees' Retirement System's (ERS) ability to eliminate its unfunded liability. Specifically, this bill:

- (1) Increases the state and county contributions to the ERS for all their employees;
- (2) Repeals the provision allowing the employer contribution rates to be reduced even if the period required to amortize the unfunded actuarial liability falls below 25 years; and
- (3) Allows the ERS Board of Trustees to adopt actuarial recommendations for the salary scale assumptions.

The Board of Trustees of the ERS and Hawaii State Teachers Association testified in support of this bill. The Department of Budget and Finance commented on this measure.

SB1284 HD2 HSCR FIN HMS 2007-3491

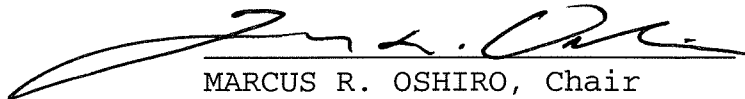


Your Committee has amended this bill by:

- (1) Inserting language prohibiting benefit enhancements under this chapter for any group of members, including any reduction of retirement age, whenever an unfunded accrued liability exists; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 S.B. No. 1284, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1284, S.D. 2, H.D. 2.

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



MARCUS R. OSHIRO, Chair



