

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1284  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam President:

Your Committee on Judiciary and Labor, to which was referred  
S.B. No. 1284 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 authorize the board of trustees of the employees' retirement system to set the salary scale assumptions based on recommendations from the actuary. Increase the employers' contributions to the employees' retirement system; bans benefit enhancements until the employees' retirement system becomes fully funded; and repeals the provision that allows the employer contribution rate to be reduced if the period required to amortize the unfunded actuarial liability falls below twenty-five years.

Your Committee received testimony in support of this bill from the State Department of Budget and Finance and the Employees' Retirement System. The Hawaii State Teachers Association supported the majority of the provisions in this bill that will allow the ERS to become fully funded except the provision that bans benefit enhancements until the ERS becomes fully funded.

This measure was amended by deleting the provision that "bans benefit enhancements until the ERS becomes fully funded." Your Committee believes that this decision is a legislative prerogative and as such should not be abrogated as a general matter. Therefore, the Legislature should not relinquish this



responsibility to justify one issue while another may be left to flounder. Whether the Legislature uses this prerogative is a matter that should be left for the Legislature to decide on a case by case basis.

Your Committee also made one non-substantive technical change recommended by the Legislative Reference Bureau.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1284, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1284, S.D. 1, and be referred to the Committee on Ways and Means.

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



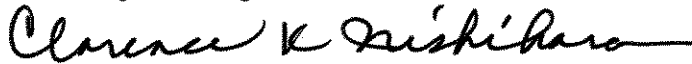
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CLAYTON HEE, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <b>SB 1284</b>	Committee Referral: <b>JDL, WAM</b>	Date: <b>2/15/07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <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	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
KOKUBUN, Russell S. (VC)				✓
INOUE, Lorraine R.	✓			
NISHIHARA, Clarence K.	✓			
GABBARD, Mike	✓			
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:                              Original                              Yellow                              Pink File with Committee Report             Clerk's Office                        Drafting Agency				

\*Only one measure per Record of Votes