

STAND. COM. REP. NO. 2398

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 3005
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 3005 entitled:

"A BILL FOR AN ACT RELATING TO FEDERAL TAX QUALIFICATION OF
THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to ensure that the Employees' Retirement System complies with federal tax laws and retains its status as a tax-qualified retirement plan under the Internal Revenue Code that provides favorable tax treatment for employee contributions.

Specifically, this measure repeals provisions in the Hawaii Revised Statutes that provide for optional membership of elective officers in the Employees' Retirement System and for elective officers and judges to withdraw from membership in the employees' retirement system while remaining in office. This measure adds a new section that requires elective officers to exercise a one-time irrevocable election to join the system when they are elected for the first time (or, in the case of existing office holders, by October 1, 2008). The new section also sets forth the requirements that must be satisfied for retirants to return to service as elective officers without suspension of retirement benefits. This measure also repeals the statutory provision that allows elective officers and judges who have reached the statutory cap on retirement benefits to withdraw from membership in the system by nominally retiring even though they remain in office.



Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Employees' Retirement System. The Judiciary submitted comments supporting the intent of the measure.

Your Committee has made technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 3005, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3005, 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,


BRIAN T. TANIGUCHI, Chair



