

STAND. COM. REP. NO.

2785

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 3005
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 3005, S.D. 1, 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 preserve the tax qualified status of the Employees' Retirement System.

The measure accomplishes this by offering elective officers a one-time election to be excluded from membership in the Employees' Retirement System. Additionally, this measure requires the elective officer to exercise the option within thirty days of taking office.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Employees' Retirement System.

Your Committee finds that this measure is necessary to maintain the tax-qualified status of the Employees' Retirement System. The tax-qualified status is presently endangered by provisions in the law that allow elective officers to exercise their option to join the system at any time during their term of office and allow them to withdraw from membership while remaining in office.



Your Committee has amended this measure, as requested by the Employees' Retirement System, by restoring the bill's original language to clarify the nature of the one-time option to elective officers who are already in office on the effective date of this Act. Your Committee on Ways and Means notes that your Committee on Judiciary and Labor did not note a purposeful intent to change the meaning of this provision and that the change was merely inadvertent due to making technical corrections in the S.D. 1.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3005, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3005, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



