

Honolulu, Hawaii

Feb 3, 2010

RE: H.B. No. 1904

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1904 entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

begs leave to report as follows:

The purpose of this bill is to address the unfunded accrued liability of the Employees' Retirement System (ERS) by setting aside annually, a sum from the general excise tax (GET) revenues sufficient to amortize the unfunded accrued liability for state employees.

The Department of Taxation testified in opposition to this bill. The Department of Budget and Finance, ERS Board of Trustees, and Tax Foundation of Hawaii provided comments.

Currently, the unfunded liability of the ERS is approximately \$5.1 billion. Paying down this unfunded liability would be a worthwhile endeavor. While your Committee understands the concerns raised regarding the impacts the setting aside of GET revenues for a specific purpose may have on general fund revenues, this measure deserves further consideration.

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. 1904 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,

Karl Rhoads

KARL RHOADS, Chair



