

Honolulu, Hawaii

April 20, 2010

RE: H.B. No. 2533  
H.D. 1  
S.D. 2  
C.D. 1

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

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2533, H.D. 1, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYMENT OF EMPLOYEES' RETIREMENT SYSTEM RETIRANTS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to ensure fair and equitable conditions under which a state or county retiree may be reemployed by the State or a county by:

- (1) Establishing conditions for reemployment of a retirant in certain positions without reenrollment in the Employee Retirement System (ERS) or loss or interruption of retirement benefits;



- (2) Requiring the retirant to reimburse the ERS for any retirement allowance or other benefit paid during the reemployment if in violation of the retirant reemployment law, plus eight percent annual interest;
- (3) Requiring the retirant and the employer to pay the employee and employer contributions that should have been paid during the reemployment if in violation of the retirant reemployment law, plus eight percent annual interest; and
- (4) Requiring the employer and retirant to reimburse the ERS for administrative expenses incurred in responding to the violation, to the extent the retirant is determined to be at fault.

Various conditions in the recent past, including low unemployment, along with retirement, made it difficult for the counties and State to meet their workforce demands and an aging baby boomer generation is expected to exacerbate this problem. Allowing counties and the State to re-hire retirees to work in government was intended to help resolve the problem until workforce numbers increased, while at the same time allowing for experienced individuals to pass on their knowledge and skills to newly hired personnel. However, the ERS had several concerns with such actions, including the necessity for employers to continue to make retirement contributions and the incorporation of a waiting period prior to the rehiring of an employee to prevent perceived "double dipping" by a retiree who would be receiving a salary and retirement benefits by being rehired. Your Committee finds that this measure addresses ERS's concerns and allows the State and counties to address workforce demands in a fair way.

Your Committee also finds that this measure is important to ensure the status of the ERS as a tax-qualified retirement plan is maintained by providing penalties for retirants who are reemployed in violation of this new retirant reemployment law, and the Internal Revenue Code of 1986, as amended.

After further consideration, your Committee has amended this bill by changing its effective date from January 3, 2055, to January 1, 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of



H.B. No. 2533, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2533, H.D. 1, S.D. 2, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



DWIGHT Y. TAKAMINE, Chair



KARL RHOADS, Co-Chair



DONNA MERCADO KIM, Co-Chair



MARCUS R. OSHIRO, Co-Chair



Hawaii State Legislature  
**Record of Votes of a  
 Conference Committee**

Bill / Concurrent Resolution No.: HB 2533, HD 1, SD 2	Date/Time: <i>April 16, 2010, 3:13 p.m.</i>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
TAKAMINE, Dwight Y., Chr.	X				RHOADS, Karl, Co-Chr.	X			
KIM, Donna Mercado, Co-Chr.	X				OSHIRO, Marcus R., Co-Chr.	X			
SLOM, Sam				X	YAMASHITA, Kyle T.	X			
					PINE, Kymberly Marcos	X			
<b>TOTAL</b>	<i>2</i>			<i>1</i>	<b>TOTAL</b>	<i>4</i>			

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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