

Honolulu, Hawaii

Feb 11, 2010

RE: H.B. No. 2533

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. 2533 entitled:

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

begs leave to report as follows:

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 a position that is excluded from the Employee Retirement System (ERS) membership, such as certain temporary or part-time positions, by requiring a six month "retirement" provision;
- (2) Requiring the retirant to reimburse the ERS for any retirement allowance or other benefit paid during the reemployment if in violation of the ERS statutes, 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 ERS statutes, 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.

ERS and the Hawaii Government Employees Association supported this bill. The Department of Education and United Public Workers opposed this measure.

Your Committee 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 Chapter 88, Hawaii Revised Statutes, and the Internal Revenue Code of 1986, as amended.

Your Committee further finds that 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. With an aging baby boomer generation expected to lead to increasing numbers of employees retiring, this problem was only expected to worsen. Allowing counties and the State to re-hire retirees to work in government was intended to help resolve the problem until workforce numbers increased and at the same time would allow 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.

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. 2533 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



Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 2533		Committee Referral: LAB, FIN		Date: 2-5-2010	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
LAB Members		Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)		/			
2. YAMASHITA, Kyle T. (VC)		/			
3. AQUINO, Henry J.C.		/			
4. AWANA, Karen Leinani		/			
5. HANOHANO, Faye P.		/			
6. KEITH-AGARAN, Gilbert S.C.		/			
7. LEE, Marilyn B.					/
8. NAKASHIMA, Mark M.		/			
9. SAIKI, Scott K.		/			
10. SOUKI, Joseph M.		/			
11. TAKUMI, Roy M.					/
12. PINE, Kymberly Marcos					/
TOTAL (12)		9	—	—	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature: 					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					