

TESTIMONY

HB 1947

HD1



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Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Labor
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association
April 26, 2010

H.B. 1947, H.D.1 – RELATING TO
TAXATION

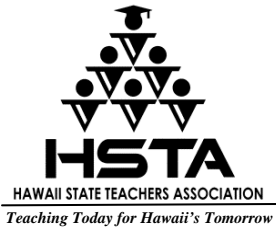
The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 1947, H.D.1. This bill repeals the applicability of state income tax to rollovers by state and county employees from qualifying annuity plans and qualifying deferred compensation plans to eligible retirement plans to obtain additional service credits under the state's retirement system.

The Employees' Retirement System (ERS) is able to accept monies from public employee's deferred compensation plans or tax-sheltered annuity plans to purchase allowable service credits under the hybrid plan. The additional service credits increase an employee's average final compensation. This provides another source of monies for the purchase of service credit besides a member's savings account or taking out a loan.

Thank you for the opportunity to testify in support of H.B. 1947, H.D.1.

Respectfully submitted,

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TESTIMONY BEFORE THE SENATE COMMITTEES ON
LABOR AND WAYS & MEANS

RE: HB 1947, HD1 – RELATING TO TAXATION

April 26, 2010

WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chairs Takamine, Kim, and Members of the Committees:

The Hawaii State Teachers Association supports HB 1947, HD1. This bill would repeal the unfair state income tax requirement on state and county employees who roll over their retirement accounts from one plan to another.

The state's hybrid retirement plan has made it possible for state and county workers to participate in a defined benefits plan with better benefits than were formerly available to them. But in moving their accounts from qualifying annuity and deferred compensation plans to the hybrid plan, they have been required to pay state income tax on the rollover amounts. Why should state and county employees be penalized for wanting to take advantage of benefits offered to them by the state?

We ask you to support this bill.

Thank you for this opportunity to testify.