

Honolulu, Hawaii

March 24, 2011

RE: S.B. No. 1269
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 1269, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE DEFINITION OF COMPENSATION FOR PURPOSES OF THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this bill is to:

- (1) Amend the definition of "compensation" and add a new definition of "additional compensation" for calculating Employees' Retirement System (ERS) benefits;
- (2) Provide that compensation means regular compensation and additional compensation for individuals who become ERS members before July 1, 2011;
- (3) Establish a gradual stepped-down calculation for additional compensation for ERS members who are members as of June 30, 2011; and
- (4) Exclude "additional compensation," as defined under Chapter 88, Hawaii Revised Statutes, the pension and retirement systems law, from ERS compensation for individuals who become ERS members on or after July 1, 2011.



The Department of Budget and Finance, ERS, City and County of Honolulu, and Hawaii State Teachers Association commented on this bill. The Department of Labor and Industrial Relations; County of Maui Department of Fire & Public Safety; a member of the State Fire Council; City and County of Honolulu Police Department; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; United Public Workers, AFSCME, Local 646, AFL-CIO; Hawaii Fire Fighters Association, Local 1463, IAFF, AFL-CIO; and several individuals testified in opposition to this measure.

Upon further consideration, your Committee has amended this bill by deleting its substance and inserting provisions, the purpose of which is to specify that for ERS service after June 30, 2011, compensation to an employee or an officer includes:

- (1) Normal periodic payments of money for services performed, accrued on an hourly, daily, monthly, or annual basis and additional payments for time worked that is required by the employer;
- (2) Shortage differentials;
- (3) Elective salary reduction contributions under Sections 125, 403(b), and 457(b) of the Internal Revenue Code of 1986, as amended; and
- (4) Twelve-month differentials for employees of the Department of Education.

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 S.B. No. 1269, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1269, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



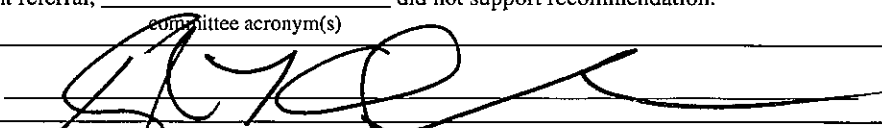
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 1211

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB1269 SD2	Committee Referral: LAB, FIN	Date: 3-22-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" 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. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia		/		
8. SAIKI, Scott K.		/		
9. SOUKI, Joseph M.		/		
10. TAKUMI, Roy M.		/		
11. FONTAINE, George R.	NR		/	
12. JOHANSON, Aaron Ling			/	
TOTAL (12)	6	4	2	-
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				