

Honolulu, Hawaii

Feb 17, 2012

RE: H.B. No. 1751
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1751 entitled:

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

begs leave to report as follows:

The purpose of this measure is to change the representation on the Board of Trustees of the Employees' Retirement System to more adequately reflect the employers associated with the Employees' Retirement System by:

- (1) Increasing Board membership from eight to ten members;
- (2) Increasing the amount of elected board members from four to five;
- (3) Increasing the amount of elected members required to be general employees from two to three;
- (4) Stipulating that one member be appointed by unanimous agreement of the mayor of each of the four counties, be approved by the Hawaii State Association of Counties, and be subject to the advice and consent of the State Senate in the same manner that trustees appointed by the Governor are currently approved; and



- (5) Requiring that each county be responsible for paying all necessary expenses, including travel, board, and lodging expenses, and any other costs incurred in the performance of duties of the Board member representing the counties.

The Office of the Mayor of the County of Hawaii, a member of the Maui County Council representing East Maui, Hawaii State Association of Counties, and Treasurer of the Hawaii State Association of Counties testified in support of this measure. The Department of Budget and Fiscal Services of the City and County of Honolulu testified in support of this measure with an amendment. The Department of Budget and Finance and Board of Trustees of the Employees' Retirement System testified in opposition to this measure.

Although the current representation on the Board of Trustees of the Employees' Retirement System is established in such a way to ensure that a balance exists between members representing the interests of both public employers and employees, current Board membership lacks county representation besides an elected member who is an employee of a county. As counties contribute a considerable share to Employees' Retirement System costs and their employees and retirees make up a large portion of the Employees' Retirement System membership, it seems only fair that some form of county representation be established on the Board.

Your Committee notes that concerns were raised as to the reason why counties were being required to pay for the expenses of the county member of the Board when other trustee's expenses are being paid out of the Employees' Retirement System trust. As such, your Committee has amended this measure by deleting the requirement that counties pay for these costs.

Your Committee has also amended this measure by:

- (1) Changing its effective date to July 1, 2013; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.



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. 1751, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1751, 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,



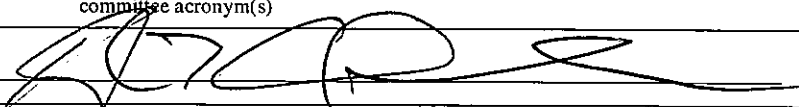
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR550-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1751	Committee Referral: LAB, FIN	Date: 2-14-12		
<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. OKAMURA, Tom				
9. SAIKI, Scott K.			/	
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.				/
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling	/			
TOTAL (13)	9	-	1	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				