

Honolulu, Hawaii

March 20, 2012

RE: S.B. No. 2749
S.D. 2
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 S.B. No. 2749, S.D. 2, 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 make various housekeeping amendments to the Employees' Retirement System. Among other things, this measure:

- (1) Deletes erroneous references to water safety officers as Contributory Plan members of the Employees' Retirement System;
- (2) Applies the same benefit multiplier for service retirement benefits and ordinary disability benefits for Hybrid Plan members who became members of the Employees' Retirement System after June 30, 2012; and
- (3) Makes the service requirement for payment of the Hybrid Plan hypothetical account balance as an ordinary death benefit for an individual who becomes a member after June 30, 2012, the same as the service requirement for an inter vivos withdrawal after the member has terminated service.



The Board of Trustees of the Employees Retirement System testified in support of this measure. The Department of Budget and Finance testified in support of the intent of this measure.

Act 163, Session Laws of Hawaii 2011, enacted more stringent age and service requirements for retirement by members of the Employees' Retirement System who become members of the system after June 30, 2012. However, upon further review and consideration of the newly established and prospective requirements by the Employees' Retirement System, several technical errors and inconsistencies were discovered in that Act. This measure corrects typographical errors, harmonizes service retirement, ordinary disability retirement, and ordinary death benefits for members of the Employees' Retirement System who become members after June 30, 2012.

Your Committee notes that both the original version of this measure, and the companion House Bill to this measure, contained language that would restore parity between judges and other contributory plan members with respect to age and service requirements for retirement. If this language is not reinstated, your Committee has been informed that members of the system who become judges after June 30, 2012, will be subject to more stringent age and service requirements than other contributory plan members who become members at the same time as the judges. As such, your Committee has amended this measure by inserting language that restores the age and service retirement requirements for current members of the Employees' Retirement System who become judges after June 30, 2012, to the same age and service retirement requirements as other Contributory Plan members who became Employees' Retirement System members before July 1, 2012.

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. 2749, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2749, 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

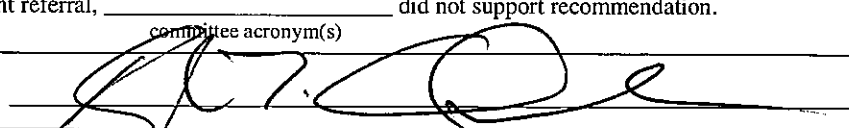
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR1118-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2749 SD2	Committee Referral: LAB, FIN	Date: 3-16-12		
<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. SAIKI, Scott K.				/
9. SOUKI, Joseph M.	/			
10. TAKUMI, Roy M.	/			
11. FONTAINE, George R.	/			
12. JOHANSON, Aaron Ling	/			
TOTAL (12)	10	-	-	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				