

STAND. COM. REP. NO.

384

Honolulu, Hawaii

February 13, 2013

RE: H.B. No. 805

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 805 entitled:

"A BILL FOR AN ACT RELATING TO FEDERAL TAX QUALIFICATION OF THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to amend the Employees' Retirement System laws to comply with Internal Revenue Code requirements and vesting rules in order to maintain the system's status as a tax-qualified retirement plan.

The Department of Budget and Finance and the Administrator of the Employees' Retirement System testified in support of the measure.

Your Committee finds that the Employees' Retirement System is intended to be a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986, as amended. In 2009, the Employees' Retirement System applied to the Internal Revenue Service for a determination that the System meets the federal tax qualification requirements that are applicable to pension plans sponsored by state and local governments. The Employees' Retirement System received a favorable determination letter, conditioned on amendments to chapter 88, Hawaii Revised Statutes, to meet certain vesting rules and comply with final regulations under section 415 of the Internal Revenue Code. Your Committee finds that this measure will allow the Employees' Retirement System to maintain its federal tax qualification by incorporating

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the amendments approved by the Internal Revenue Service as part of the determination letter process.

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. 805 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,



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MARK M. NAKASHIMA, Chair



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

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**Record of Votes of the Committee on Labor & Public Employment**

<b>Bill/Resolution No.:</b> HB 805	<b>Committee Referral:</b> LAB, FIN	<b>Date:</b> 2/8/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <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. NAKASHIMA, Mark M. (C)	X			
2. HASHEM, Mark J. (VC)	X			
3. AQUINO, Henry J.C.	X			
4. ICHIYAMA, Linda	X			
5. ING, Kaniela	X			
6. TAKUMI, Roy M.	X			
7. YAMANE, Ryan I.	X			
8. YAMASHITA, Kyle T.	X			
9. JOHANSON, Aaron Ling	X			
<b>TOTAL (9)</b>	9	0	0	0
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 150px;">committee acronym(s)</small>				
<b>Vice Chair's or designee's signature:</b>				
<b>Distribution:</b> Original (White) – Committee             Duplicate (Yellow) – Chief Clerk's Office             Duplicate (Pink) – HMSO				