
A BILL FOR AN ACT

RELATING TO PAYMENTS BY EMPLOYERS TO THE EMPLOYEES' RETIREMENT SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 88-124, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§88-124 Payment of state contributions to the system.

4 (a) The State shall pay [~~on a monthly basis~~] to the various
5 funds of the system the amounts payable by the State under this
6 part. Payments shall be made:

7 (1) On a monthly basis, within thirty days after the end
8 of [~~the~~] each month[-]; or

9 (2) In advance, in an amount greater than the amount
10 payable for the current fiscal quarter, taking into
11 account amounts previously paid during the quarter and
12 any offsets for any excess contributions in the
13 previous quarter.

14 (b) The system shall determine the actual amount owed by
15 the State under this part for each fiscal quarter, commencing
16 with the first fiscal quarter of fiscal year 2005-2006. The
17 actual amounts owed by the State for the fiscal quarter shall be

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1 compared against the amounts paid in the fiscal quarter[-] and
2 any excess contributions from the previous quarter. Any
3 additional contributions owed by the State for a fiscal quarter
4 shall be paid before the end of the next fiscal quarter. Any
5 excess contributions by the State may be used to offset amounts
6 owed by the State for the next fiscal quarter."

7 SECTION 2. Section 88-126, Hawaii Revised Statutes, is
8 amended by amending subsections (a) and (b) to read as follows:

9 "(a) Commencing with fiscal year 2005-2006, each of the
10 counties shall make contributions in accordance with section 88-
11 123. The amounts payable under this part by each county on
12 account of its employees who are members of the system shall be
13 paid by the county as follows:

14 (1) Before October 31, 2005, for the period from July 1,
15 2005, through September 30, 2005; [~~and~~]

16 (2) Commencing October 1, 2005, each county shall pay on a
17 monthly basis the amounts payable by the county under
18 this part on account of its employees who are members
19 of the system. Payments shall be made within thirty
20 days after the end of the month[-]; and

21 (3) Commencing July 1, 2016:

22 (A) On a monthly basis, within thirty days after the
23 end of each month; or

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1 (B) In advance, in an amount greater than the amount
 2 payable for the current fiscal quarter, taking
 3 into account amounts previously paid during the
 4 quarter and any offsets for any excess
 5 contributions in the previous quarter.

6 (b) The system shall determine the actual amount owed by a
 7 county under this part for each fiscal quarter, beginning with
 8 the first fiscal quarter of fiscal year 2005-2006. The actual
 9 amounts owed by the county for the fiscal quarter shall be
 10 compared against the amounts paid in the fiscal quarter[-] and
 11 any excess contributions from the previous quarter. Any
 12 additional contributions owed by the county for a fiscal quarter
 13 shall be paid before the end of the next fiscal quarter. Any
 14 excess contributions by the county may be used to offset amounts
 15 owed by the county for the next fiscal quarter."

16 SECTION 3. Statutory material to be repealed is bracketed
 17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act, upon its approval, shall take effect
 19 on July 1, 2016.

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INTRODUCED BY: 
 BY REQUEST

JAN 25 2016

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Report Title:

Employees' Retirement System; Employer Retirement Contributions

Description:

Confirms that employer contributions to the Employees' Retirement System may be made in advance or on a monthly basis.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO PAYMENTS BY EMPLOYERS TO THE EMPLOYEES' RETIREMENT SYSTEM

PURPOSE: To facilitate advance payment by the State and counties of contributions to the Employees' Retirement System.

MEANS: Amend sections 88-124 and 88-126(a) and (b), Hawaii Revised Statutes (HRS).

JUSTIFICATION: Currently, sections 88-124 and 88-126, HRS, provide for payment of State and county employer contributions to the Employees' Retirement System on a monthly basis, in arrears. Advance payment is not prohibited; however, if the statutes are read strictly, monthly payments are still required, even if an employer has paid most of the fiscal year's contributions in advance.

This bill confirms that employers may make contributions in advance and provides that monthly payments are not required if previous advance payments were sufficient to cover the required contributions for the month. The bill also clarifies the manner in which the quarterly reconciliations between what an employer has paid and what an employer actually owes will be made.

When employers make advance payments of their contributions, the Employees' Retirement System is able to invest the funds sooner, thereby increasing the potential for greater investment returns, which will reduce the system's unfunded liability.

Impact on the public: None.

Impact on the department and other agencies:
None.

GENERAL FUND: None. Advance payment is permitted; not required.

OTHER FUNDS: None. Advance payment is permitted; not required.

PPBS PROGRAM
DESIGNATION: BUF-141/Retirement

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2016.