

Honolulu, Hawaii

**MARCH 22**, 2016

RE: S.B. No. 2346  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2346, 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 strengthen the investment capabilities and societal responsibilities of the Employees' Retirement System (ERS) by:

- (1) Increasing the types of investment personnel that the ERS Board of Trustees (Board) may appoint, and to exempt, or authorize the exemption, of all investment personnel from both civil service and collective bargaining laws;
- (2) Requiring the ERS, pursuant to a qualified domestic relations order, to pay a spouse or former spouse of a member or retirant all or a portion of the member's or retirant's benefits; and
- (3) Appropriating funds for a claims examiner position and for planning and expenditures necessary to implement this measure.



Farrell & Associates supported this measure. The Employees' Retirement System, Legal Aid Society of Hawaii; and the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO provided comments.

Your Committee has amended this measure by:

- (1) Replacing part I of this measure with the contents of H.B. No. 2124, H.D.1, a measure with similar provisions that was passed out by this Committee earlier this session that specifically:
  - (A) Authorizes the Board to appoint investment professionals and investment support staff;
  - (B) Exempts appointed investment officers and investment professionals, including investment specialists, from civil service and collective bargaining laws; and
  - (C) Authorizes incumbent investment specialists, as of the effective date of this measure, the option to remain subject to civil service law, so long as the person remains an investment specialist; and
- (2) Replacing part II of this measure with the contents of H.B. No. 2468, H.D. 2, a measure with similar provisions that was passed out by your Committee on Judiciary earlier this session and that clarifies the requirement of the ERS to make direct payment to a spouse or former spouse of a system member or retirant of all or a portion of the member's or retirant's benefits pursuant to a Hawaii domestic relations order.

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. 2346, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2346, S.D. 2, H.D. 1, and be referred to your 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-eighth Legislature

HSCR 1157-16

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

Bill/Resolution No.: <b>SB2346, SD2</b>	Committee Referral: <b>LAB, FIN</b>	Date: <b>3/18/16</b>		
<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. NAKASHIMA, Mark M. (C)	/			
2. KEOHOKALOLE, Jarrett (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HAR, Sharon E.	/			
5. ICHIYAMA, Linda	/			
6. JOHANSON, Aaron Ling	/			
7. LoPRESTI, Matthew S.	/			
8. SAN BUENAVENTURA, Joy A.	/			
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. TUPOLA, Andria P.L.				/
<b>TOTAL (11)</b>	<b>10</b>			<b>1</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ 				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				