STAND. COM. REP. NO. 410

Honolulu, Hawaii
February 16, 2017

RE: H.B. No. 233
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 233 entitled:

"A BILL FOR AN ACT RELATING TO SEPARATION BENEFITS,"

begs leave to report as follows:

The purpose of this measure is to remove the option of choosing between a voluntary severance benefit or special retirement benefit established by Act 1, Special Session Laws of Hawaii 2016, by offering Hawaii Health Systems Corporation employees facing position abolishment, reduction-in-force, or workforce restructuring the choice of receiving a voluntary severance benefit and a special retirement benefit or exercising a reduction-in-force right.

Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO testified in support of this measure. The Department of Budget and Finance supported the intent of this measure. The Employees' Retirement System, Department of Human Resources Development, and Hawaii Health Systems Corporation provided comments.

Your Committee notes that testimony from the Employees' Retirement System stated that this measure would remove the option to choose between a cash severance payment or special early retirement benefits offered by Act 1, Special Session Laws of Hawaii 2016, thereby reestablishing compliance with the Internal

Revenue Code and protecting the federal tax-exempt status of the Employees' Retirement System.

Your Committee recognizes that the Department of Human Resources Development (DHRD) is concerned about Hawaii Health Systems Corporation sending reports to the Director of DHRD because DHRD does not have authority or administrative oversight over the Hawaii Health Systems Corporation. Should the Committee on Finance deliberate on this measure further, your Committee respectfully requests that it attempt to resolve this issue.

Your Committee finds that this measure is one of many measures introduced to correct the potential issues arising from Act 1, Special Session Laws of Hawaii 2016.

Your Committee has amended this measure by:

(1) Changing its effective date to July 1, 2050, to facilitate further discussion; 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. 233, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 233, 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,

AARON LING JOHANSON, Chair

State of Hawaii
House of Representatives
The Twenty-ninth Legislature HSCR 410

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.:	Committee Referral:	Date:
HB 233	LAB, FIN	09FEB17

☐ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☐ Pass, unamended (as is) ☒ Pass, with amendments (HD) ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. JOHANSON, Aaron Ling (C)	✓			
2. HOLT, Daniel (VC)	✓			
3. KEOHOKALOLE, Jarrett	✓			
4. NAKASHIMA, Mark M.	✓			
5. TAKUMI, Roy M.	✓			
6. YAMASHITA, Kyle T.	✓			
7. MATSUMOTO, Lauren Kealohilani	✓			
TOTAL (7)	7	0	0	0

The recommendation is: ☒ Adopted ☐ Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: DLH

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