

Honolulu, Hawaii

**MAR 23**

, 2018

RE: S.B. No. 2333  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2333, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO RETIREMENT SAVINGS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Hawaii Retirement Savings Plan (Savings Plan) for private sector employees;
- (2) Establish the Hawaii Retirement Savings Board (Board) to establish, implement, and maintain the Savings Plan;
- (3) Prior to establishing the Board and Savings Plan, require the Department of Budget and Finance (B&F) to:
  - (A) Conduct a study on the feasibility of implementing a savings plan for private sector employees; and
  - (B) Submit preliminary and final reports on the study to the Legislature prior to the 2019 and 2020 Regular Sessions, respectively;



- (4) Establish the Hawaii Retirement Savings Plan Administrative Fund to pay the Board's administrative costs and expenses and other costs related to establishment of the Savings Plan; and
- (5) Appropriate funds for the administrative and operating expenses of the Board and the market analysis to be conducted as part of B&F's study.

The Long-Term Care Taskforce of Faith Action for Community Equity, Young Progressives Demanding Action - Hawai'i, Hawai'i Appleseed Center for Law & Economic Justice, Retail Merchants of Hawaii, Caring Across Generations, and a few individuals supported this measure. The National Association of Insurance and Financial Advisors Hawaii, American Council of Life Insurers, and National Federation of Independent Business opposed this measure. B&F, AARP Hawai'i, and Hawaii Bankers Association provided comments.

Your Committee has amended this measure by:

- (1) Changing references to "Hawaii Retirement Savings Plan" to "Hawaii Retirement Savings Program" throughout this measure;
- (2) Requiring the Legislative Reference Bureau (LRB), rather than B&F, to conduct the study on the Hawaii Retirement Savings Program;
- (3) Expanding the study to examine the potential effects of a state-run retirement plan or program for private sector employees on the private market and to examine states with other voluntary, market-based plans or programs;
- (4) Specifying that the Hawaii Retirement Savings Program shall allow, rather than require, no employer contributions to employee accounts;
- (5) Prohibiting any employer with a retirement plan for its employees from cancelling the retirement plan or program for an unspecified number of years from the effective date of this measure;



- (6) Changing references to Hawaii Retirement Savings Plan Administrative Fund to Hawaii Retirement Savings Program Administrative Fund; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee notes that there are significant and unresolved issues regarding whether state-run retirement plans conflict with the federal Employee Retirement Income Security Act of 1974.

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. 2333, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2333, 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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AARON LING JOHANSON, Chair



