

STAND. COM. REP. NO.

2505

Honolulu, Hawaii

FEB 16 2018

RE: S.B. No. 2555
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Labor, to which was referred S.B. No. 2555
entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT
SYSTEM,"

begs leave to report as follows:

The purpose and intent of this measure is to require the
Employees' Retirement System to divest its investment portfolio of
coal, oil, and gas companies within five years.

Your Committee received testimony in support of this measure
from Life of the Land; 350Hawaii.org; West Hawaii Community Health
Center; O'ahu County Committee on Legislative Priorities of the
Democratic Party of Hawai'i; We Are One, Inc.; and fourteen
individuals. Your Committee received testimony in opposition to
this measure from the Board of Trustees of the Employees'
Retirement System and Hawaii Government Employees Association,
AFSCME Local 152, AFL-CIO.

Your Committee finds that the State must act to demonstrate
its commitment to addressing climate change in practical
application. Investment in fossil fuel companies can discourage
investment in competing renewable energy technologies, and
therefore impedes Hawaii from achieving its renewable portfolio
standard goal of one hundred percent by 2045. New York state
announced in December 2017 that it will divest its pension-fund



investments in fossil fuels and the Norwegian Sovereign Wealth Fund, the largest sovereign-wealth fund in the world, began work on fossil fuel divestment in November of 2017. Cities across the United States have also announced plans for fossil fuel divestment, including New York City, San Francisco, Seattle, and Washington, D.C. Accordingly, your Committee finds that, in line with the State's sustainability goals and in adherence to the Paris Agreement as committed to by Act 32, Session Laws of Hawaii 2017, it is in the best interest of the State that the Employees' Retirement System looks to divest its investment portfolio of coal, oil, and gas companies.

Your Committee has amended this measure by:

- (1) Requiring the Employees' Retirement System to divest its investment portfolio of coal, oil, and gas companies by an unspecified date;
- (2) Inserting an effective date of January 1, 2045, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2555, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2555, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor,

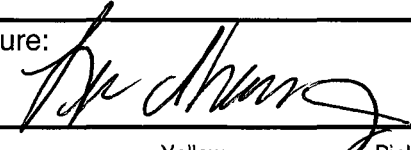


JILL N. TOKUDA, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Labor
LBR

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|--|--|-------------------------|----------|----------|
| Bill / Resolution No.:* SB 2555 | Committee Referral: LBR, WAM | Date: 2/13/18 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| TOKUDA, Jill N. (C) | ✓ | | | |
| ENGLISH, J. Kalani (VC) | ✓ | | | |
| CHANG, Stanley | ✓ | | | |
| IHARA, Jr., Les | ✓ | | | |
| TANIGUCHI, Brian T. | | ✓ | | |
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| TOTAL | 4 | 1 | 0 | 0 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature:  | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Only one measure per Record of Votes