

STAND. COM. REP. NO. 472

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 431  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 431 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 extend the deadline by which the State and counties are required to furnish payroll and personnel transaction information to the Employees' Retirement System (ERS) in an electronic format.

Your Committee received testimony in support of this measure from the City and County of Honolulu Department of Budget and Fiscal Services, City and County of Honolulu Department of Human Resources, City and County of Honolulu Department of Information Technology, County of Kauai Department of Human Resources, and County of Maui Department of Personnel Services. Your Committee received comments on this measure from the ERS.

Your Committee finds that Act 87, Session Laws of Hawaii 2015 (Act 87), amended section 88-103.7, Hawaii Revised Statutes, effective July 1, 2020, to require the State and counties to furnish the ERS with necessary information in a format required under the system's new reporting standards. Under the Act, departments and agencies who fail to comply with this requirement during any fiscal year, are required to pay the ERS an entire



year's worth of additional employer contributions on the first day of the following fiscal year. Act 87 also required the ERS to submit annual progress reports to the Legislature from 2016 through 2020.

Your Committee finds that the state and county departments and agencies have been working diligently and cooperatively with the ERS towards compliance since the enactment of Act 87 and have made substantial progress. However, the ERS reports that the parties continue to face significant challenges to resolve the issues of non-compliance and proposes that the effective date of Act 87 be extended until 2024. Your Committee believes that more time is needed for both the ERS and public employers to work together to address the complex issues relating to employer reporting of the required information.

Your Committee notes that S.B. No. 2142, S.D. 1 (Regular Session of 2020), is a substantially similar measure that extended the effective date of Act 87 to July 1, 2023. S.B. No. 2142, S.D. 2 (Regular Session of 2020), which extended that date to July 1, 2050, to facilitate further discussion, was passed by the Senate; however, further consideration was terminated due to the disruptions caused by the coronavirus disease 2019 (COVID-19) pandemic.

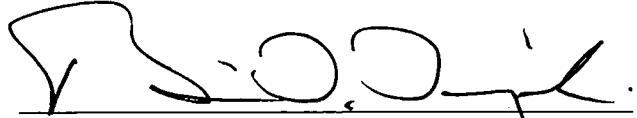
Your Committee has amended this measure by:

- (1) Extending the effective date of Act 87 to July 1, 2024;
- (2) Requiring the ERS to continue submitting annual progress reports until 2024; 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, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 431, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 431, 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, Culture and  
the Arts,

  
BRIAN T. TANIGUCHI, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Labor, Culture and the Arts**  
**LCA**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB431	LCA, WAM	2/05/2021		
<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
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)	✓			
CHANG, Stanley	✓			
KEOHOKALOPE, Jarrett	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	5	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes