STAND. COM. REP. NO.

770

Honolulu, Hawaii

FFB 17 , 2021

RE: H.B. No. 928 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2021 State of Hawaii

Sir:

Your Committee on Labor & Tourism, to which was referred H.B. No. 928 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 amend the definitions of "base pay" and "compensation" for the purpose of calculating retirement benefits.

Your Committee received testimony in support of this measure from the Employees' Retirement System. Your Committee received testimony in opposition to this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and Hawaii State Teachers Association. Your Committee received comments on this measure from the Department of Budget and Fiscal Services of the City and County of Honolulu, Department of Human Resources of the City and County of Honolulu, and Department of Information Technology of the City and County of Honolulu.

Your Committee finds that this measure will help bring clarity to what is properly included in base pay and compensation for the purpose of calculating retirement benefits. According to the Employees' Retirement System, there is a significant disparity in what is included in base pay among the eight employers

reporting to the system, which results in disparate treatment among the members. In order for the Employees' Retirement System to maintain its tax-exempt status, benefits must be provided in a non-discriminatory manner and be "definitely determinable".

With respect to concerns over the deletion of "shortage differentials" from the definition of "compensation", your Committee further finds that the Employees' Retirement System has requested that if a shortage differential is permanent, that the permanent differential be noted on the employee's personnel action report or certification, which then would be recognized and credited.

Your Committee has amended this measure by:

- (1) Changing the effective date to December 25, 2040, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 928, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 928, H.D. 1, and be referred to your Committee on Finance.

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

RICHARD H.K. ONISHI, Chair

State of Hawaii House of Representatives The Thirty-first Legislature

Record of Votes of the Committee on Labor & Tourism

Bill/Resolution No.: Committee Referral: LAT, FIN			Date: 02-11-21		
θ The committee is reconsidering its previous decision on the measure.					
The recommendation is to: θ Pass, unamended (as is) θ Pass, with amendments (HD) θ Hold θ Pass short form bill with HD to recommit for future public hearing (recommit)					
LAT Members		Ayes	Ayes (WR)	Nays	Excused
1. ONISHI, Richard H.K. (C)		V			
2. SAYAMA, Jackson D. (V	/C)	V			
3. BELATTI, Della Au					
4 HOLT Doniel					
4. HOLT, Daniel		V			
5. KOBAYASHI, Dale T.		V	And the second s		
J. Hobititolii, buit I.		v			
6. QUINLAN, Sean			V		mana and an and an
7. TAKAYAMA, Gregg		V			
C					
8. OKIMOTO, Val		V			
					·
TOTAL (8)		6	1	0	1
The recommendation is:	Adopted	θ Not Adopte	.d	1	
	If joint referral,	did not support recommendation.			
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					