

STAND. COM. REP. NO.

2557

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 3289  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 3289 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish the Hawaii Retirement Savings Program, a state-facilitated payroll-deduction retirement savings plan for private sector employees in Hawaii who do not have access to employer-sponsored retirement plans.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; Department of Health Executive Office on Aging; Policy Advisory Board for Elder Affairs; AARP Hawai'i; National Conference on Public Employee Retirement Systems; Common Cause Hawaii; Hawai'i Primary Care Association; Retail Merchants of Hawaii; Hawai'i Public Health Institute; Aloha United Way; Loco Moco Drive Inn - Ewa Beach; Wiki Wiki Drive In; Gaylords I, II, III, and IV; Burgers on Bishop; Gochi Grill; and twenty-three individuals. Your Committee received testimony in opposition to this measure from the National Association of Insurance and Financial Advisors and American Council of Life Insurers. Your Committee received comments on this measure from the Department of Budget and Finance and Tax Foundation of Hawaii.



Your Committee finds that there is an imminent retirement security crisis in Hawaii, with many individuals not having access to an employer-sponsored retirement savings plan, and therefore, are at significant risk of not having sufficient retirement income to cover their basic expenses during retirement. Your Committee further finds that in 2017, Oregon was the first state in the nation to implement a state retirement savings program that covers private sector employees who lack access to an employer-sponsored retirement savings plan, and that other states, including California and Illinois, have adopted similar programs. Your Committee believes that individuals need a lifelong savings system that provides them with the opportunity to build their assets and attain future financial stability. This measure will allow private sector employees in Hawaii to participate in a state-facilitated payroll-deduction retirement savings plan that will promote retirement savings needed for a secure retirement, improve the employee's financial security, and reduce wealth disparity in Hawaii.

Your Committee notes the testimony of AARP Hawai'i, recommending that this measure include language that authorizes the Hawaii Retirement Savings Board to enter into interstate agreements to allow the Hawaii Retirement Savings Program to partner with the retirement savings programs of other states.

Your Committee also notes the testimony of the Department of Budget and Finance, requesting that this measure include language providing for hiring of additional staff, as the Department currently lacks sufficient staffing to implement this measure.

Your Committee has amended this measure by:

- (1) Allowing the Hawaii Retirement Savings Board to enter into interstate agreements to collaborate with other governmental entities, including other states, that maintain or are establishing retirement savings programs compatible with the Hawaii Retirement Savings Program, to the extent necessary or desirable for the effective and efficient design, administration, and implementation of Hawaii's program;
- (2) Clarifying that the funds appropriated out of the general revenues of the State of Hawaii pursuant to this



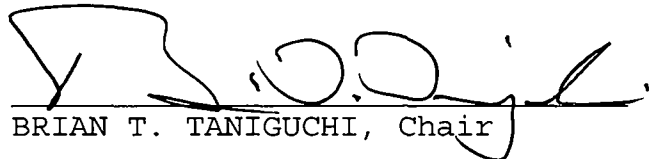
measure for the implementation and operation of the Hawaii Retirements Savings Program include funds for the hiring of necessary staff; and

- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee has reviewed the testimony of the National Association of Insurance and Financial Advisors expressing concerns that the penalty for covered employers who fail to enroll a covered employee into the Hawaii Retirement Savings Program in accordance with this measure is severe compared to other states. Your Committee also acknowledges testimonies of others stating that penalties in Hawaii in general may be harsher than other states. Your Committee finds that this issue raises concerns that merit further consideration and respectfully requests that your Committee on Ways and Means further examine this issue and concerns raised by the testimony.

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. 3289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3289, 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,

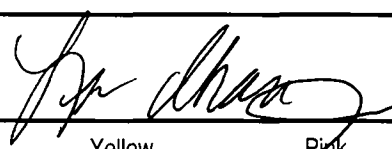


BRIAN T. TANIGUCHI, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

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

|  |  |                        |          |          |
|--|--|------------------------|----------|----------|
| Bill / Resolution No.:*<br><b>SB 3289</b>  | Committee Referral:<br><b>LCA, WAM</b> | Date:<br><b>2-9-22</b> |          |          |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____  |  |                        |          |          |
| The Recommendation is:<br><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   |  |                        |          | ✓        |
| KEOHOKALOLE, Jarrett   |  |                        |          | ✓        |
| FEVELLA, Kurt  | ✓                                      |                        |          |          |
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| <b>TOTAL</b>   | <b>3</b>                               | <b>0</b>               | <b>0</b> | <b>2</b> |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted   |  |                        |          |          |
| Chair's or Designee's Signature:   |  |                        |          |          |
| <b>Distribution:</b> Original    Yellow    Pink    Goldenrod<br>File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy   |  |                        |          |          |

\*Only one measure per Record of Votes