

Honolulu, Hawaii

MAR 20 2023

RE: H.B. No. 1506
H.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred
H.B. No. 1506, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require that the purpose of investments of the Employee's Retirement System shall be for the exclusive benefit of its members and their beneficiaries;
- (2) Require the Employees' Retirement System to consider, in evaluating venture capital investments, the benefits to its members and their beneficiaries;
- (3) Encourage the Employees' Retirement System to consider, in evaluating venture capital investments, opportunities in industries that will sustain Hawaii's natural environment or produce economic opportunities for its residents;
- (4) Require the Board of Trustees of the Employees' Retirement System to report the rationale for not investing in industries that will sustain Hawaii's natural environment or produce economic opportunities



for its residents in its annual report to the Legislature; and

- (5) Appropriate an unspecified amount of funds to be invested by the Employees' Retirement System.

Your Committee received testimony in support of this measure from the Employees' Retirement System and two individuals. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that this measure would help the Board of Trustees of the Employees' Retirement System pursue more financially sound investments locally. According to oral testimony received by your Committee, this measure would allow the Board to expand into ESG (environmental, social, and governance) and infrastructure-focused investments to continue its efforts to deploy capital where financially feasible to the local economy. Your Committee further finds that this measure would better position the System to meet its fiduciary responsibilities to its members while also lowering the State's unfunded liabilities.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1506, H.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

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



SHARON MORIWAKI, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Labor and Technology
LBT

Bill / Resolution No.:* HB 1506 HD1	Committee Referral: LBT, WAM	Date: 3/15/23
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	✓			
LEE, Chris (VC)	✓			
IHARA, Jr., Les				✓
KEITH-AGARAN, Gilbert S.C.	✓			
FEVELLA, Kurt	✓			
TOTAL	4			1

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: 

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*Only one measure per Record of Votes