

STAND. COM. REP. NO. 224-24

Honolulu, Hawaii
, 2024

FEB 09
RE: H.B. No. 2381
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 2381 entitled:

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

begs leave to report as follows:

The purpose of this measure is to lower the Employees' Retirement System's funding period to amortize the System's total unfunded accrued liability from thirty years to twenty years.

Your Committee received testimony in support of this measure from the Department of Budget and Finance; Employees' Retirement System Board of Trustees; Save Honolua Coalition; and three individuals. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that due to the Employees' Retirement System's long-term investment performance, the funding period in which the Employees' Retirement System is expected to be fully funded has steadily decreased from the forecasted thirty years in fiscal year 2015-2016 to twenty-four years in fiscal year 2021-2022. This measure amends the maximum funding period to amortize the total unfunded accrued liability of the Employees' Retirement System to start at twenty-five years and lower by one year each year thereafter until reaching twenty years, strengthening the

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Employees' Retirement System over the long term without impacting the expected path toward full-funding or current contribution rates.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, 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 & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2381, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2381, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Government
Operations,



SCOT Z. MATAYOSHI, Chair



