

JAN 23 2025

A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER
REPORTING REVIEW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to extend the
2 deadline for the pre-payment and reporting of employer
3 contributions by departments or agencies of the State or
4 counties that failed to provide the information required by the
5 System in the required format.

6 SECTION 2. Section 88-103.7, Hawaii Revised Statutes, is
7 amended as follows:

8 1. By amending subsection (c) to read as follows:

9 "(c) If a department or agency of the State or county
10 fails to furnish the system with the information required
11 pursuant to this section in the format required by the system,
12 the State or county shall pay to the system, on the first day of
13 the fiscal year [~~following~~] one year after the end of the fiscal
14 year in which the failure to furnish the required information
15 occurred, an amount equal to the employer contributions payable
16 by the State or county, relative to the department or agency
17 that is not in compliance with this section, during the fiscal

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1 year in which the failure to furnish the required information
2 occurred. This amount shall be applied to contributions
3 required under section 88-124 for the State and section 88-126
4 for the counties."

5 2. By amending subsection (f) to read as follows:

6 "(f) The system shall annually submit to the department of
7 budget and finance and the legislature, not later than twenty
8 days prior to the convening of each regular session, a report
9 that details the following for the [~~current~~] previous fiscal
10 year:

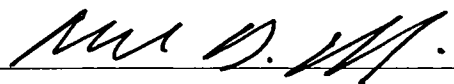
11 (1) Any department or agency of the state or counties that
12 failed to comply with this section; and

13 (2) Any amounts required to be paid under subsection (c),
14 including the anticipated amounts payable in the
15 upcoming fiscal year, and identification of any state
16 budget programs that may be affected."

17 SECTION 3. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 4. This Act shall take effect upon its approval.

20
21 INTRODUCED BY:



22 BY REQUEST

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Report Title:

Employees' Retirement System; Employer Reporting

Description:

Adds a year between the review period and the billing due date and changes reporting of review results from the current fiscal year to the previous fiscal year.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER REPORTING REVIEW.

PURPOSE: To extend the deadline for the pre-payment and reporting of employer contributions by departments or agencies of the State or counties that failed to provide the information required by the Employees' Retirement System (System) in the required format.

MEANS: Amend section 88-103.7(c) and (f), Hawaii Revised Statutes (HRS).

JUSTIFICATION: Section 88-103.7, HRS, requires that all departments and agencies of the State or counties furnish the System with information in the format required by the System. The review of that information is intended to be completed by fiscal years (July to June).

Failure to furnish the required information requires that the pre-payment of employer contributions be made on the first day of the fiscal year following the fiscal year in which the failure to furnish the required information occurred. This timeline necessitates that the collection of employer reporting, the review process, and the assessment of the pre-payment by the employer be completed in the same fiscal year to provide employers with appropriate notice for pre-payment preparation. This compressed timeframe does not allow a review of information from a full fiscal year to be conducted.

The proposed amendment to section 88-103.7(c), HRS, changes the pre-payment deadline from the first day of the fiscal year following the fiscal year in which the failure to furnish the information occurred,

to the first day of the next fiscal year following the fiscal year in which the failure to furnish the information occurred. This change would provide a longer period over which to collect, review, and analyze the reported data, as well as afford a longer period for employers to prepare the pre-payment.

Section 88-103.7(f), HRS, also requires that the System submit an annual report detailing any department or agency that failed to comply with reporting requirements for the current fiscal year, to the Department of Budget and Finance and the Legislature, not later than twenty days prior to the convening of each regular session.

Requiring the System to report for the current fiscal year causes compressed employer reporting and review periods to be employed to timely file the report. In practice, the reporting period starts in July and ends in September, with the review period ending in December.

The proposed amendment to section 88-103.7(f), HRS, changes the report from being on the current fiscal year to the previous fiscal year. This would allow more time for reporting and review of employer compliance with employer reporting requirements.

Impact on the public: None.

Impact on the department and other agencies:
Allows a more comprehensive period for the reporting and review of employer compliance with employer reporting requirements and earlier notification of pre-payment amounts to the Legislature and employers for budgeting purposes.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM

DESIGNATION: BUF-141.

OTHER AFFECTED

AGENCIES: State and counties.

EFFECTIVE DATE: Upon approval.