

STAND. COM. REP. NO.

1257

Honolulu, Hawaii

MAR 14

, 2025

RE: S.B. No. 935
S.D. 2
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Labor, to which was referred S.B. No. 935,
S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the retirement allowance for a member who first earned credited service as a judge after June 30, 2025, to 1.75 percent of their average final compensation for each year of credited service as a judge;
- (2) Include sheriffs and deputy sheriffs to the enhanced retirement benefits category;
- (3) Reduce the minimum years of credited service required for Tier 2 members for vesting benefits from ten years to five years; and
- (4) Increase employer contributions to offset the liability produced by the changes to the vesting benefits schedule.

2025-2616 SB935 HD1 HSCR HMSO



Your Committee received testimony in support of this measure from the Office of the Governor; Department of Labor and Industrial Relations; and Hawai'i State Teachers Association. Your Committee received testimony in opposition to this measure from the Hawai'i State Trial Judges Association; West Hawaii Bar Association; Hawaii State Bar Association; State of Hawaii Organization of Police Officers; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; International Longshore and Warehouse Union Local 142; American Judicature Society; and one individual. Your Committee received comments on this measure from the Judiciary; Department of Law Enforcement; Department of Budget and Finance; Employees' Retirement System Board of Trustees; Hawaii Employer-Union Health Benefits Trust Fund; and United Public Workers, AFSCME Local 646, AFL-CIO.

Your Committee finds that the State is challenged with recruiting qualified candidates and retaining current employees because benefits packages are not as alluring as they used to be and not as competitive as the lucrative compensation and benefits packages offered in the private sector. Your Committee also finds that state agencies experience high turnover rates in the first decade of employee service, exemplifying the challenge to retain employees. This measure seeks to reduce the number of years that Tier 2 members must have to be eligible for vesting benefits from ten years to five years which would improve employee retention and recruitment, without burdening the State's accrued liability by also increasing employer contributions.

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.

Your Committee respectfully requests your Committee on Judiciary & Hawaiian Affairs, should it deliberate on this measure, to consider the implications of reducing the multipliers for credited service on certain classes of employees, as provided by the Employees' Retirement System's testimony and whether increasing employee contributions to 21.85 percent for sheriffs and deputy sheriffs, to conform to the requirements of employee contributions for enhanced retirement benefits, would have a



negative impact on recruitment efforts, as provided by the Department of Budget and Finance's testimony.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 935, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 935, S.D. 2, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

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



JACKSON D. SAYMA, Chair



