STAND. COM. REP. NO. 1251-24

Honolulu, Hawaii

, 2024

MAR 21

RE: S.B. No. 3099

S.D. 2 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 S.B. No. 3099, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Reduce the minimum number of years of credited service qualified Tier 2 members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years; and
- (2) Appropriate funds for investments into the Employees' Retirement System.

Your Committee received testimony in support of this measure from the Office of the Governor; Department of Budget and Finance; Department of Labor and Industrial Relations; Employees' Retirement System Board of Trustees; Department of Human Resources of the City and County of Honolulu; United Public Workers, AFSCME Local 646, AFL-CIO; University of Hawaii Professional Assembly; and one individual.

2024-2472 SB3099 HD1 HSCR HMSO

Your Committee finds that employees who are members of the Employees' Retirement System are eligible for vested benefit status based on a minimum number of years of credited service. "Tier 1 members" must have a minimum of five years of credited service to be eligible for vested benefit status, while "Tier 2 members" must have a minimum of ten years of credited service to be eligible for vested benefit status. Reducing the minimum number of years of credited service from ten years to five years for Tier 2 members would allow their career track to be on par with Tier 1 members and help state and county employers with the recruitment and retention of qualified employees with minimal impact to the unfunded accrued actuarial liability for pension accumulation.

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 S.B. No. 3099, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3099, S.D. 2, 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

## State of Hawaii House of Representatives The Thirty-second Legislature HSLR 1257-24

## Record of Votes of the Committee on Labor & Government Operations

	Committee Referral:  LGO, FIN		Date: 3/19/24		
☐ The committee is reconsidering its previous decision on the measure.					
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  Pass short form bill with HD to recommit for future public hearing (recommit)					
LGO Members	Ayes	Ayes (WR)	Nays	Excused	
1. MATAYOSHI, Scot Z. (C)					
2. GARRETT, Andrew Takuya (VC)					
3. KAPELA, Jeanne					
4. MARTINEZ, Rose			10 is 15 15 15 15 15 15 15 15 15 15 15 15 15		
5. SAYAMA, Jackson D.					
6. TAM, Adrian K.					
7. ALCOS III, David				<b>✓</b>	
			· · · · · · · · · · · · · · · · · · ·		
TOTAL (7)	5			2	
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					