

STAND. COM. REP. NO. 995

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 1158
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1158, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to provide police officers who become members of the Employees' Retirement System after June 30, 2023, with retirement benefits similar to those provided for members of the Employees' Retirement System who became members before July 1, 2012.

Your Committee received written comments in support of this measure from the Maui Police Department and one individual.

Your Committee received written comments in opposition to this measure from the Department of Budget and Finance and Employees' Retirement System.

Your Committee received written comments on this measure from the State of Hawaii Organization of Police Officers and Grassroot Institute of Hawaii.

Your Committee finds that county police departments currently face officer shortages. Your Committee believes that the prospect of enhanced retirement benefits, as proposed by this measure, may



incentivize qualified individuals to apply for and fill these vacancies.

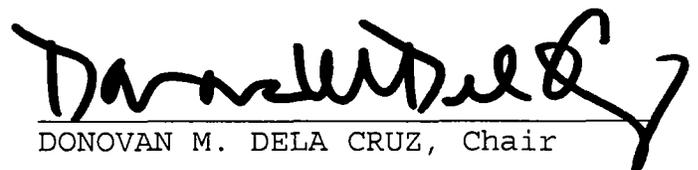
Your Committee recognizes that the Department of Budget and Finance expressed concerns that the measure will significantly increase annual fringe benefit costs for public employers in the future and set a precedent for other employee groups to request the same benefit amendment. The Department further commented that the measure represents a setback to efforts to address the State's unfunded actuarial accrued liabilities, which, combined with the increased annual fixed cost requirements burdening the State's budget, will negatively impact the State's credit ratings.

Your Committee also recognizes that the Employees' Retirement System raised concerns similar to those of the Department of Budget and Finance. The System also opined that the measure violates section 88-99, Hawaii Revised Statutes, which imposes a moratorium on enhanced benefits until the the actuarial value of the system's assets is one hundred percent of the system's actuarial accrued liability. The System further commented that the measure will provide new officers with better benefits than members hired between July 1, 2012, and the measure's effective date.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1158, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1158, S.D. 2.

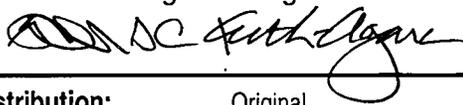
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 1158 SD1	Committee Referral: PSM/LBT, WAM	Date: 2/28/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes