

Honolulu, Hawaii

FEB 06 , 2024

RE: H.B. No. 1947
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. 1947 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 from ten years to five years the minimum number of years of credited service Tier 2 members must have to be eligible for vested benefit status for service retirement allowance purposes; 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 Labor and Industrial Relations; Employees' Retirement System Board of Trustees; Department of Human Resources of the City and County of Honolulu; and United Public Workers, AFSCME Local 646, AFL-CIO. Your Committee received comments on this measure from the Department of Budget and Finance and Hawaii Employer-Union Benefits Trust Fund Board of Trustees.



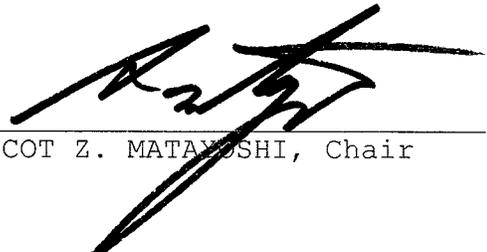
Your Committee finds that there is a two-tier member structure for members of the Employees' Retirement System that is based on when an individual becomes a member. "Tier 1 members" are required to have a minimum of five years of credited service to be eligible for vested benefit status, while "Tier 2 members" are required to 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, while having little fiscal impact, would help state and county employers with the recruitment and retention of qualified employees.

Your Committee has amended this measure by:

- (1) Clarifying that this measure would not apply to members who forfeited their service or retired before the effective date of this measure;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) 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. 1947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1947, 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



