

STAND. COM. REP. NO.

320

Honolulu, Hawaii

**FEB 11**, 2025

RE: H.B. No. 1041  
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 H.B. No. 1041  
entitled:

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

begs leave to report as follows:

The purpose of this measure to amend the Employees' Retirement System's requirements for beginning dates and automatic disbursements to reflect the most recent requirements of the Internal Revenue Code of 1986, as amended, and preserve the Employees' Retirement System's federal tax qualification.

Your Committee received testimony in support of this measure from the Board of Trustees of the Employees' Retirement System.

Your Committee finds that the Employees' Retirement System undergoes burdensome and costly steps to maintain its beneficial federal tax status while distributing the required minimum distributions to its members. Your Committee also finds that the automatic distribution requirement for non-vested hybrid members necessitates third-party retirement accounts which must be separately defined as contributions plans, to avoid tax implications on contributions. Your Committee believes this measure streamlines the distribution process while ensuring the Employees' Retirement System retains its federal tax status.

2025-1444 HB1041 HD1 HSCR HMSO




320

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 that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1041, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1041, H.D. 1, and be referred to your Committee on Finance.

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

  
JACKSON D. SPILLANE, Chair



HSCR 320

Bill/Resolution No.: HB 1041		Committee Referral: LAB, FIN		Date: 2/4/25	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
LAB Members		Ayes	Ayes (WR)	Nays	Excused
1. SAYAMA, Jackson D. (C)		X			
2. LEE, Mike (VC)		X			
3. GARRETT, Andrew Takuya		X			
4. KAPELA, Jeanne		X			
5. KONG, Sam Satoru					X
6. REYES ODA, Julie					X
TOTAL (6)		4			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not 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					