STAND. COM. REP. NO. | 841

Honolulu, Hawaii

RE: S.B. No. 1284 S.D. 2 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1284, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to address the Employees' Retirement System's (ERS) ability to eliminate its unfunded liability. Specifically, this bill:

- (1) Increases the state and county contributions to the ERS for all their employees;
- (2) Repeals the provision allowing the employer contribution rates to be reduced even if the period required to amortize the unfunded actuarial liability falls below 25 years; and
- (3) Allows the ERS Board of Trustees to adopt actuarial recommendations for the salary scale assumptions.

The Board of Trustees of the ERS and Hawaii State Teachers Association testified in support of this bill. The Department of Budget and Finance commented on this measure.

Your Committee has amended this bill by:

- (1) Inserting language prohibiting benefit enhancements under this chapter for any group of members, including any reduction of retirement age, whenever an unfunded accrued liability exists; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1284, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1284, S.D. 2, H.D. 2.

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

MARCUS R. OSHIRO, Chair



State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.: SL 1284 SD2 HD	Date: 3/28/07				
SB 1284 SD2 HD Committee Referral: LAB FIN		☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended	Pa	Pass, with amendments			
☐ Hold	 Pass, with amendments, for recommittal for further consideration 				
FIN Members	Ayes	Ayes (WR)	Nays	Excused	
1. OSHIRO, Marcus R. (C)	ν_{\odot}	i i			
2. LEE, Marilyn B. (VC)	V				
3. BELATTI, Della Au	V				
4. BROWER, Tom	V				
5. CARROLL, Mele	V				
6. CHONG, Pono	V				
7. HANOHANO, Faye P.	<u> </u>	.			
8. HAR, Sharon E.	<u> </u>				
9. MAGAOAY, Michael Y.	<i>ν</i>				
10. MANAHAN, Joey					
11. MIZUNO, John					
12. NAKASONE, Bob					
13. RHOADS, Karl					
14. SAGUM, Roland D., III				\times	
15. TOKIOKA, James Kunane	· ·			\succ	
16. AWANA, Karen Leinani	<u> </u>		:		
17. MEYER, Colleen Rose	<u></u>			· .	
18. WARD, Gene, Ph.D.					
TOTAL	16			2	
The recommendation is: Adopted Not Adopted			1		
•					
If joint referral, did not support recommendation. committee acronym(s)					
Marilin					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office					