

STAND. COM. REP. NO.

1652

Honolulu, Hawaii

APR 05 2007

RE: H.B. No. 34
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B.
No. 34, S.D. 1, 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 require the Employees'
Retirement System to:

- (1) Identify and scrutinize companies having business operations in Sudan in which the Employees' Retirement System has direct or indirect holdings or could possibly have such holdings in the future;
- (2) Require the Employees' Retirement System to follow specified notice procedures to warn those companies of a possible divestment of stock by the Employees' Retirement System; and
- (3) Require the divestment if companies do not take corrective action to refrain from doing business in Sudan.

Your Committee received comments in support of the measure from the League of Women Voters of Hawaii, the Hawaii Coalition for Dafur, Humanity United, the University of Hawaii Professional Assembly, the Hawaii Committee for Africa, the Center for Law and Social Strategy, the Hawaii Family Forum and the Hawaii Catholic



Conference, the Hawaii Reserves, Kaimuki Christian Church, and a number of concerned citizens. Comments were received from the Employees' Retirement System.

Your Committee finds that placing economic pressure on the Sudanese government by prohibiting the Employees' Retirement System from investing in companies that do business with Sudan is an important step to be taken to remedy the tragic situation in the Darfur Region of Sudan.

Your Committee has amended this measure by adopting changes that were recommended by the Employees' Retirement System. Specifically, your Committee has amended this measure by:

- (1) Recasting the measure as an uncoded session law;
- (2) Changing the definition of a "scrutinized" company by replacing specific percentages with the qualitative terms "material" and "most";
- (3) Extending the deadline for compiling the scrutinized companies list from ninety to one hundred and eighty days;
- (4) Allowing divestment to be postponed if the Employees' Retirement System determines that a company is making sufficient progress towards the cessation of scrutinized active business operations;
- (5) Replacing the phased divestment schedule with an eighteen-month deadline;
- (6) Authorizing the Employees' Retirement System to relax a divestment schedule if divestment will result in public fund losses exceeding fifty basis points;
- (7) Eliminating the requirement that a copy of the annual report to the Legislature be sent to the United States Presidential Envoy to Sudan;
- (8) Allowing the Employees' Retirement System to not take any action that is not consistent with obligations under the exclusive benefit rule; and



- (9) Deleting a redundant provision on enforcement by the Attorney General.

Your Committee also made technical nonsubstantive amendments for the purposes of clarity and style.

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 H.B. No. 34, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 34, S.D. 2.

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



ROSALYN H. BAKER, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 34 SD1	Committee Referral: TIA/JDL, NAM	Date: 3/28/07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
KIM, Donna Mercado	/			
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
WHALEN, Paul				/
TOTAL	10	0	0	1
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: 				
<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Distribution: Original File with Committee Report </div> <div style="text-align: center;"> Yellow Clerk's Office </div> <div style="text-align: center;"> Pink Drafting Agency </div> </div>				

*Only one measure per Record of Votes