STAND. COM. REP. NO. 247

Honolulu, Hawaii

Feyq, 2007

RE: H.B. No. 1292

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

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1292 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 ensure compliance with the Internal Revenue Code, thus enabling the Employees' Retirement System (ERS) to maintain its tax-qualified status, by:

- (1) Repealing provisions that allow elective officers to exercise their option to join the ERS at any time during their term of office;
- (2) Repealing provisions that allow elective officers and judges:
 - (A) To withdraw from ERS membership while remaining in office; and
 - (B) Who have reached the 75 percent statutory cap on retirement benefits to withdraw from ERS membership by retiring even though they remain in office;
- (3) Requiring elective officers to exercise a one-time irrevocable option to join the ERS when they are elected for the first time; and

(4) Setting forth the circumstances under which retirees may return to service as elective officers without suspension of their retirement benefits.

The Department of Budget and Finance, Attorney General, Board of Trustees of the ERS, Office of Hawaiian Affairs, and Hawaii State Teachers Association testified in support of this bill.

Your Committee finds that this measure protects the ERS' tax qualified status, ensuring the favorable tax treatment of employee contributions made on a pre-tax basis.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1292 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Labor & Public Employment,

ALEX M. SONSON, Chair

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State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1292	Date: 9 - 6 - 0 7		
Committee Referral:	☐ The committee is reconsidering its previous decision on the measure.		
The recommendation is to: Pass, unamended			
☐ Hold	Pass, with amendments, for recommittal for further consideration		
LAB Members	Ayes (WR) Nays	Excused	
1. SONSON, Alex M. (C)			
2. NAKASONE, Bob (VC)	/	· · · · · · · · · · · · · · · · · · ·	
3. EVANS, Cindy			
4. HAR, Sharon E.		, i	
5. LEE, Marilyn B.			
6. LUKE, Sylvia			
7. McKELVEY, Angus L.K.			
8. NISHIMOTO, Scott Y.			
9. SOUKI, Joseph M.			
10. TAKAMINE, Dwight Y.			
11. TAKUMI, Roy M.			
12. MEYER, Colleen Rose			
13. PINE, Kymberly Marcos			
TOTAL	11	2_	
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s) Vice Chair's or designee's signature: Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office			