STAND. COM. REP. NO. 2398

Honolulu, Hawaii

FEB 1 5 2008

RE: S.B. No. 3005

S.D. 1 .

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

## Madam:

Your Committee on Judiciary and Labor, to which was referred S.B. No. 3005 entitled:

"A BILL FOR AN ACT RELATING TO FEDERAL TAX QUALIFICATION OF THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to ensure that the Employees' Retirement System complies with federal tax laws and retains its status as a tax-qualified retirement plan under the Internal Revenue Code that provides favorable tax treatment for employee contributions.

Specifically, this measure repeals provisions in the Hawaii Revised Statutes that provide for optional membership of elective officers in the Employees' Retirement System and for elective officers and judges to withdraw from membership in the employees' retirement system while remaining in office. This measure adds a new section that requires elective officers to exercise a one-time irrevocable election to join the system when they are elected for the first time (or, in the case of existing office holders, by October 1, 2008). The new section also sets forth the requirements that must be satisfied for retirants to return to service as elective officers without suspension of retirement benefits. This measure also repeals the statutory provision that allows elective officers and judges who have reached the statutory cap on retirement benefits to withdraw from membership in the system by nominally retiring even though they remain in office.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Employees' Retirement System. The Judiciary submitted comments supporting the intent of the measure.

Your Committee has made 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 Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3005, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3005, S.D. 1, and be referred to the Committee on Ways and Means.

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

BRIAN T. TANIGUCHI, Chair

## The Senate Twenty-Fourth Legislature State of Hawaii

## Record of Votes Committee on Judiciary and Labor JDL

Bill / Resolution No.:*	Committee Referral:		Da	Date: 2-8-08	
SB 3005	JDL, WAM 2-8-08				
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
TANIGUCHI, BRIAN T. (C)					
HEE, Clayton (VC)					
GABBARD, Mike	***************************************	~			
KOKUBUN, Russell S.					
NISHIHARA, Clarence K.					
SLOM, Sam					
TOTAL		H	0	0	2—
Recommendation:  Adopted  Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

<sup>\*</sup>Only one measure per Record of Votes