STAND. COM. REP. NO.

Honolulu, Hawaii MAR 2 4 2011

RE: H.B. No. 1038 H.D. 2 S.D. 1

Honorable Shan S. Tsutsui President of the Senate Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred H.B. No. 1038, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to address the unfunded liability of the Employees' Retirement System (ERS) by:

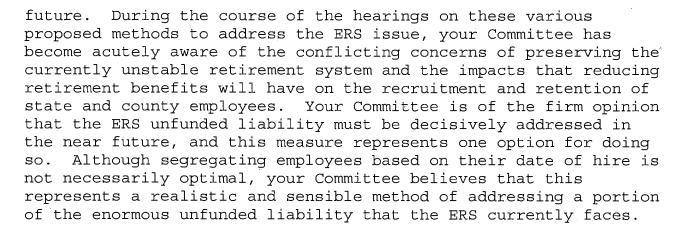
- Providing for retirement benefit changes for state and county employees who become members of the ERS after June 30, 2012, that are different from the retirement benefits of current employees; and
- (2) Reducing the investment yield assumption for the ERS to7.75 percent for the fiscal year ending June 30, 2011.

Your Committee received testimony in support of this measure from the Department of Budget and Finance, Administrator of the ERS, and Department of Budget and Fiscal Services of the City and County of Honolulu. Your Committee received comments on this measure from the Hawaii Fire Fighters Association and two individuals.

Your Committee finds that this measure is one of several measures being heard that address the unfunded liability of the ERS to thereby preserve the ERS and ensure its stability for the



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Your Committee notes that this measure incorporates the substance of several House bills and constitutes an omnibus bill addressing ERS retirement benefits. Together with its testimony, the ERS submitted a draft containing suggested technical amendments and conforming clarifications.

Your Committee has amended this measure by:

2011-1862 SSCR SMA.doc

- (1) Incorporating the recommended technical and conforming amendments recommended by the ERS; and
- (2) Making further technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 H.B. No. 1038, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1038, H.D. 2, 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,

CLAYTON HEE, Chair

The Senate Twenty-Sixth Legislature State of Hawaiʻi

Record of Votes Committee on Judiciary and Labor JDL

Bill / Resolution No.:* Committee Referral: Date:					
HB1038, HD2 JDL, WAM 3/22/11					
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
HEE, Clayton (C)	· · · · · · · · · · · · · · · · · · ·				
SHIMABUKURO, Maile (VC)					
GABBARD, Mike				· · · · · · · · · · · · · · · · · · ·	Record Williams Review of Million
IHARA, Jr., Les					
SLOM, Sam					
TOTAL		5			
Recommendation:					
Chair's or Designee's Signature:					
///UMUA/L					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only <u>one</u> measure per Record of Votes