STAND. COM. REP. NO. **872**

Honolulu, Hawaii

MAR 0 3 2017

RE: S.B. No. 249
        S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 249, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RETIREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the Employees' Retirement System benefit structure for judges by:

(1) Specifying that a member who first earned credited service as a judge after June 30, 2017, and has at least ten years of credited service and attained age sixty, or has at least twenty-five years of credited service and has attained age fifty-five, is eligible to receive a pension after retirement; and

(2) Reducing the percentage of average final compensation used to calculate the retirement allowance for a member who first earned credited service as a judge after June 30, 2017, from three percent to two percent.

Your Committee received written comments in opposition to this measure from the Judiciary, Young Lawyers' Division of the Hawaii State Bar Association, Hawaii State Trial Judges Association, State of Hawaii Organization of Police Officers, and two individuals.

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Your Committee has amended this measure by:

(1) Removing section 1 of the measure because the amendments in that section--which specify that a member who first earned credited service as a judge after June 30, 2017, and has at least ten years of credited service and attained age sixty, or has at least twenty-five years of credited service and has attained age fifty-five, is eligible to receive a pension after retirement--are redundant of what is already provided in section 88-73(b), Hawaii Revised Statutes;

(2) Clarifying that the two per cent of average final compensation used to calculate a retirement allowance applies to a member who first earned credited service as a judge after June 30, 2012, but before July 1, 2017;

(3) Consolidating the amendments made to consecutive subsections of section 88-74, Hawaii Revised Statutes;

(4) Adding conforming language to contrast the retirement allowance of a member who first earned credited service as a judge prior to July 1, 2017, with the retirement allowance of a member who first earned credited service as a judge after June 30, 2017;

(5) Replacing an erroneous reference to "credit service" with "credited service" in the amendments to section 88-74(h)(3), Hawaii Revised Statutes; and

(6) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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 S.B. No. 249, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 249, S.D. 2.

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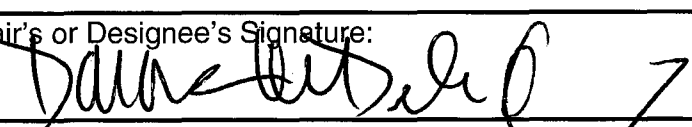behalf of the members of the
Committee on Ways and Means,

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JILL N. TOKUDA, Chair