

STAND. COM. REP. NO. 1483

Honolulu, Hawaii

MAR 30 2021

RE: S.R. No. 76
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.R. No. 76 entitled:

"SENATE RESOLUTION REQUESTING THE CONVENING OF A RETIREMENT SAVINGS TASK FORCE TO ASSESS THE FEASIBILITY OF ESTABLISHING A HAWAII RETIREMENT SAVINGS PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to request a task force to be convened to:

- (1) Assess the feasibility of establishing a Hawaii retirement savings program for private sector employees in the State without access to employer-sponsored retirement plans;
- (2) Review the implications of the federal Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, P.L. 116-94, which was enacted on December 20, 2019; and
- (3) Draft the following, if a statewide retirement savings program for private sector employees is deemed feasible for Hawaii:
 - (A) An implementation plan that recommends the best model for Hawaii;



- (B) An administrative framework to provide initial start-up of the program, oversight over the program, a timeline for establishing and implementing the program, and the proposed start-up costs for the program; and
- (C) A general marketing and outreach framework to encourage small business and employee participation.

Your Committee received testimony in support of this measure from the AARP Hawai'i; Bandt, LLC dba Burgers on Bishop; Common Cause Hawaii; Gaylord's ARCH; Gochi Grill LLC; Hawai'i Budget & Policy Center; Hawaii Family Caregiver Coalition; Hawai'i Public Health Institute; National Conference on Public Employee Retirement Systems; and ten individuals. Your Committee received comments on this measure from the National Association of Insurance and Financial Advisors.

Your Committee finds that the decrease in unionization and increase in independent contingent employment relationships have contributed to the erosion of retirement income security, resulting in the State having many individuals without access to an employer-sponsored retirement plan. Individuals without a retirement plan are at a higher risk of not having sufficient retirement income to cover their basic expenses during retirement and are also more likely to turn to means-tested government programs that strain state and federal budgets during a time of increasing pressure on government finances.

Your Committee finds that individuals who have access to workplace retirement plans through payroll deduction are much more likely to participate and make steady contributions to build retirement savings, as they are incentivized by mechanisms incorporated into such plans, including employer matching and automatic enrollment with default contribution rates. However, as evidenced in testimony submitted, many small businesses in Hawaii are experiencing hardship in implementing employer-sponsored retirement plans for their employees.

Your Committee believes that providing private sector employees in the State who do not have access to workplace



retirement plans with an option to participate in a state-wide retirement savings program with payroll deduction features is a reliable way to promote retirement savings needed for a secure retirement, improve employees' financial security, and reduce wealth disparity in society. Your Committee further finds that other states, including California, Illinois, and Oregon have implemented a retirement savings program that covers private sector employees who do not otherwise have access to an employer-sponsored retirement savings plan.

As groundwork to establish a Hawaii retirement savings program, your Committee finds it prudent to have a task force assess the feasibility of establishing the program, review the implication of relevant federal laws, and determine the best model for Hawaii. Your Committee notes testimony from the National Association of Insurance and Financial Advisors requesting that an investment or financial advisor in the private sector retirement planning field be included as a member of the task force.

Your Committee has amended this measure by:

- (1) Including as a member of the task force, one member who is an investment or financial advisor with professional knowledge and experience in private sector retirement planning to be selected by the President of the Senate; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 76, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 76, S.D. 1.



Respectfully submitted on
behalf of the members of the
Committee on Labor, Culture and
the Arts,


BRIAN T. TANIGUCHI, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Labor, Culture and the Arts
LCA

Bill / Resolution No.:* SR 76	Committee Referral: LCA	Date: 3/19/2021		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)	✓			
CHANG, Stanley	✓			
KEOHOKALOLE, Jarrett	✓			
FEVELLA, Kurt				✓
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> 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				

*Only one measure per Record of Votes