

STAND. COM. REP. NO. 2431

Honolulu, Hawaii

**FEB 15 2024**

RE: S.B. No. 3070

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred S.B. No. 3070 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to lower the Employees' Retirement System's funding period to amortize the System's total unfunded accrued liability.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and Employees' Retirement System Board of Trustees.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

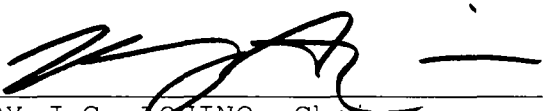
Your Committee finds that the Employees' Retirement System (System) provides pensions to thousands of eligible retired state employees. Your Committee further finds that due to the System's long-term investment performance, the funding period in which the System is expected to be fully funded has steadily decreased from the forecasted thirty years in fiscal year 2015-2016 to twenty-four years in fiscal year 2021-2022. The strategy put in place by the Legislature on July 1, 2017, is accomplishing the original goals, and it is currently projected that the System's funded ratio will continue to improve, and the unfunded actuarial accrued



liability is expected to decline year over year going forward. However, there have been changes in professional actuarial industry guidance on appropriate funding policies that now recommend a maximum liability funding period of twenty years or less. To enable the System to comply with this new policy, this measure amends the maximum funding period to amortize the total unfunded accrued liability of the System.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3070 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

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

  
HENRY J.C. AQUINO, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Labor and Technology**  
**LBT**

Bill / Resolution No.:* <b>DB 3070</b>	Committee Referral: <b>LBT, WAM</b>	Date: <b>2/9/24</b>
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The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     
  Pass, with amendments 2311     
  Hold 2310     
  Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
AQUINO, Henry J.C. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
IHARA, Jr., Les	X			
LEE, Chris	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>5</b>			

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

**\*Only one measure per Record of Votes**