STAND. COM. REP. NO. 224-24

Honolulu, Hawaii

, 2024

FEB 0 9 H.B. No. 2381 RE:

H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Labor & Government Operations, to which was referred H.B. No. 2381 entitled:

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

begs leave to report as follows:

The purpose of this measure is to lower the Employees' Retirement System's funding period to amortize the System's total unfunded accrued liability from thirty years to twenty years.

Your Committee received testimony in support of this measure from the Department of Budget and Finance; Employees' Retirement System Board of Trustees; Save Honolua Coalition; and three individuals. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that due to the Employees' Retirement System's long-term investment performance, the funding period in which the Employees' Retirement 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. This measure amends the maximum funding period to amortize the total unfunded accrued liability of the Employees' Retirement System to start at twenty-five years and lower by one year each year thereafter until reaching twenty years, strengthening the

Employees' Retirement System over the long term without impacting the expected path toward full-funding or current contribution rates.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making 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 Labor & Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2381, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2381, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Labor & Government Operations,

SCOT Z. MATAY SHI, Chair

## State of Hawaii House of Representatives The Thirty-second Legislature



## **Record of Votes of the Committee on Labor & Government Operations**

| Bill/Resolution No.: HB 2381   | Committee Referral: LGO, FIN              | Date   | · 2/6/2           | 4            |
|--|---|--|-------------------|--------------|
| The committee is reconsidering its previous decision on the measure.   |   |  |                   |              |
|  |   |  |                   |              |
| LGO Members  | Ayes                                      | Ayes (WR)  | Nays              | Excused      |
| 1. MATAYOSHI, Scot Z. (C)  |   |  |                   |              |
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| 2. GARRETT, Andrew Takuya (VC  | ) \                                       |  |                   | · .          |
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| 3. KAPELA, Jeanne  |   |  |                   | 300 H 21/2   |
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| 4. MARTINEZ, Rose  |   | The state of the s | Zarazi            |              |
|  |   |  |                   |              |
| 5. SAYAMA, Jackson D.  |   |  |                   |              |
| 6. TAM, Adrian K.  |   |  | The second second |              |
| 6. TAM, Adrian K.  |   |  | 121 600 m         |              |
| 7. ALCOS III, David  |   |  |                   |              |
| 7. ILEGO III, David  |   |  |                   |              |
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| TOTAL (7)  | 7   |  |                   |              |
| The recommendation is: Adopt   | ed  |  |                   |              |
| If joint referral, did not support recommendation.   |   |  |                   |              |
| Vice Chair's or designee's signature:  |   |  |                   |              |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO |   |  |                   |              |