

STAND. COM. REP. NO.

1183

Honolulu, Hawaii

MAR 13 , 2025

RE: S.B. No. 1360
S.D. 1
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Labor, to which was referred S.B. No. 1360,
S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the Employees' Retirement System's requirements for beginning dates and automatic disbursements to reflect the most recent requirements of the Internal Revenue Code of 1986, as amended, to return the accumulated contributions of former non-vested class A or B members.

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

Your Committee finds that the Employees' Retirement System undergoes burdensome and costly steps to maintain its beneficial federal tax status while distributing the required minimum distributions to its members. Your Committee also finds that the automatic distribution requirement for non-vested hybrid members necessitates third-party retirement accounts which must be separately defined as contributions plans, to avoid tax implications on contributions. The amendments pursuant to this

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measure streamline the distribution process while ensuring the Employees' Retirement System retains its federal tax status.

Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1360, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1360, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



JACKSON D. SAYAMA, Chair



