

STAND. COM. REP. NO. 2319

Honolulu, Hawaii

FEB 18 2026

RE: S.B. No. 3096
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred
S.B. No. 3096 entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT
SYSTEM'S EMPLOYER CONTRIBUTIONS FOR NORMAL COST AND ACCRUED
LIABILITY,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the
employer contribution rate for normal cost and accrued liability
for police officers, firefighters, and corrections officers to
ensure that the amortization period for the unfunded accrued
liability of the State's Employees' Retirement System does not
exceed the maximum funding period.

Your Committee received testimony in support of this measure
from the Employees' Retirement System and City and County of
Honolulu Office of the Mayor.

Your Committee received comments on this measure from the
County of Maui Office of the Mayor.

Your Committee finds that employer contributions to the
Employees' Retirement System consist of payments for normal cost,
which fund benefits earned in the current year, and payments
toward the unfunded accrued liability, which amortize benefits
from past service that are not yet fully funded. Your Committee



further finds that, to ensure an appropriate and prudent response to increasing unfunded liabilities in the System, the State established a maximum funding period over which the unfunded accrued liability may be paid off. If the amortization period for the unfunded liability exceeds that maximum, it indicates that employer contributions for that particular group of employees are insufficient, thereby increasing long-term costs and financial risk, and potentially shifting liability to other employers in the System. Your Committee finds that a recent annual review of the System's pension liability showed that the liability for police officers, firefighters, and corrections officers increased due to higher-than-projected salary growth, extending the expected amortization period for the group to 2049, three years longer than that for other members of the System. By addressing this funding gap early, this measure prevents increases for all employers who share liability across the System, prevents far more difficult and costly decisions the future, and protects both employees and taxpayers from greater financial risk.

Your Committee acknowledges the concern raised in testimony that requiring the increase in employer contribution rates to begin in fiscal year 2026-2027 would not provide sufficient time for public employers to plan, budget for, and responsibly absorb the higher contribution rates. Therefore, amendments to this measure are necessary to address this concern.

Your Committee has amended this measure by:

- (1) Extending the implementation date for the increase in employer contribution rates from fiscal year 2026-2027 to fiscal year 2027-2028;
- (2) Inserting an effective date of January 1, 2077, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendment for the purposes of clarity and consistency.

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. 3096, as amended herein, and recommends that it pass Second



Reading in the form attached hereto as S.B. No. 3096, S.D. 1, and
be referred to your Committee on Ways and Means.

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

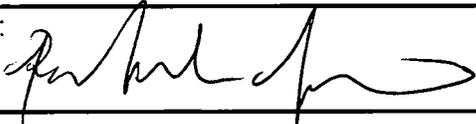


BRANDON J.C. ELEFANTE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Labor and Technology
LBT

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3096	LBT, WAM	2.11.26		
<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
ELEFANTE, Brandon J.C. (C)	✓			
LAMOSAO, Rachele (VC)	✓			
IHARA, Jr., Les				✓
MORIWAKI, Sharon Y.	✓			
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		
File with Committee Report	Committee	Drafting Agency		

*Only one measure per Record of Votes