

STAND. COM. REP. NO.

970

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 1036  
H.D. 1  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committees on Public Safety, Government Operations, and Military Affairs and Judiciary and Labor, to which was referred H.B. No. 1036, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FEDERAL TAX QUALIFICATION REQUIREMENTS FOR THE EMPLOYEES' RETIREMENT SYSTEM,"

beg leave to report as follows:

The purpose and intent of this measure is to protect the status of the Employees' Retirement System (ERS) as a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code by amending Hawaii's ERS law to include provisions required by federal law.

Your Committees received testimony in support of this measure from The Oahu Veterans Council. Your Committees received comments on this measure from the Board of Trustees of the Employees' Retirement System.

Your Committees find that this measure is necessary to conform state law to federal requirements. According to testimony of the Board of Trustees of the ERS, this measure is needed for the ERS to maintain its tax-exempt status. The loss of its tax-exempt status would be extremely detrimental to the ERS and its members - the pre-tax benefit on members' contributions would be eliminated and ERS members would be required to pay federal income taxes annually on the value or increase in value of their accounts without receiving distributions from the ERS. These

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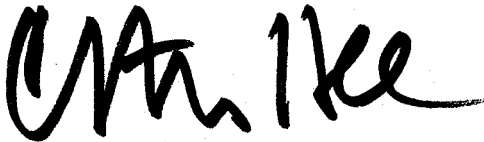
taxes could amount to thousands of dollars from members, who would have to find monies outside of their ERS pension accounts to pay for those taxes.

Your Committees have amended this measure by:

- (1) Adding civil union partner references where appropriate; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

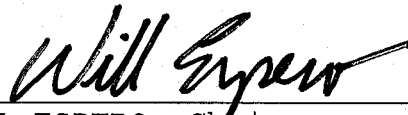
As affirmed by the records of votes of the members of your Committees on Public Safety, Government Operations, and Military Affairs and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1036, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1036, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Public Safety, Government Operations, and Military Affairs and Judiciary and Labor,



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CLAYTON HEE, Chair



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WILL ESPERO, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

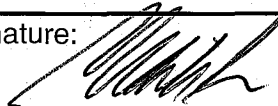
**Record of Votes**  
**Committee on Public Safety, Government Operations, and**  
**Military Affairs**  
**PGM**

Bill / Resolution No.:* <b>HB 1036, HD1</b>	Committee Referral: <b>PGM/JDL, WAM</b>	Date: <b>3-22-11</b>		
<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
ESPERO, Will (C)	/			
KIDANI, Michelle N. (VC)	/			
BAKER, Rosalyn H.	/			
RYAN, Pohai	/			
SLOM, Sam				/
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:right; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1036, HD1	PGM/JDL, WAM	3/22/11		
<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
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	5			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b>				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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