

STAND. COM. REP. NO. **2115**

Honolulu, Hawaii

**FEB 09 2018**

RE: S.B. No. 2767  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Labor, to which was referred S.B. No. 2767  
entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to clarify the  
acquisition of service provisions to maintain the status of the  
Employees' Retirement System (ERS) as a tax-qualified plan under  
section 401(a) of the Internal Revenue Code.

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

Your Committee finds that the ERS must use specific methods  
of purchasing additional membership service credit by pre-tax  
contributions to maintain the tax-qualified status of the system.  
Act 86, Session Laws of Hawaii 2015, prospectively changes the  
cost to purchase membership service based on actuarially neutral  
cost calculation, with a delayed implementation date of July 1,  
2020. This measure makes necessary amendments to existing law  
affecting purchases after June 30, 2020, to ensure that the tax-  
qualified status of the ERS is not jeopardized.



Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 2767, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2767, 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,



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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Labor**  
**LBR**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2767	LBR, WAM	01/30/18

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
TOKUDA, Jill N. (C)	/			
ENGLISH, J. Kalani (VC)	/			
CHANG, Stanley	/			
IHARA, Jr., Les	/			
TANIGUCHI, Brian T.	/			
<b>TOTAL</b>	5	0	0	0

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature: 

Distribution:    
 Original     Yellow     Pink     Goldenrod  
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\*Only one measure per Record of Votes