

STAND. COM. REP. NO.

411

Honolulu, Hawaii

February 16, 2017

RE: H.B. No. 234
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 234 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 repeal the option of voluntary severance benefits offered to Hawaii Health Systems Corporation employees facing position abolishment, reduction-in-force, or workforce restructuring under Act 1, Special Session Laws of Hawaii 2016, as codified.

Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO testified in support of this measure. The Department of Budget and Finance supported the intent of this measure. One individual testified in opposition. The Employees' Retirement System, Department of Human Resources Development, and Hawaii Health Systems Corporation provided comments.

Your Committee notes that testimony from the Employees' Retirement System stated that this measure would remove the option to choose between a cash severance payment or special early retirement benefits offered by Act 1, Special Session Laws of Hawaii 2016, thereby reestablishing compliance with the Internal Revenue Code and protecting the federal tax-exempt status of the Employees' Retirement System.

HB234 HD1 HSCR LAB HMS 2017-2058-1



Act 1, Special Session Laws of Hawaii 2016, established certain duties for the Department of Human Resources Development (DHRD) regarding the implementation of the Act. However, your Committee notes that DHRD does not have authority or administrative oversight over the Hawaii Health Systems Corporation. Should the Committee on Finance deliberate on this measure further, your Committee respectfully requests that it attempt to resolve this issue.

Your Committee finds that this measure is one of many measures introduced to correct the potential issues arising from Act 1, Special Session Laws of Hawaii 2016.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050, to facilitate further discussion; and
- (2) Making technical nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 234, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 234, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


AARON LING JOHANSON, Chair



