

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii
Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2251 entitled:
"A BILL FOR AN ACT RELATING TO RETIREMENT SAVINGS,"

begs leave to report as follows:

The purpose of this measure is to improve retirement savings opportunities in the State by:

- (1) Establishing a retirement savings task force to secure a consultant to:
 - (A) Assess the feasibility of a Hawaii retirement savings program;
 - (B) Research the implications of the federal SECURE Act, enacted on December 20, 2019;
 - (C) Draft an implementation plan for a retirement savings program; and
 - (D) Submit a report of its findings and recommendations, including any proposed legislation, to implement the plan; and
- (2) Appropriating funds to manage the Hawaii retirement savings program.

Your Committee received testimony in support of this measure from the Policy Advisory Board for Elder Affairs; Hawaii Appleseed Center for Law & Economic Justice; Hawaii Family Caregiver Coalition; AARP Hawaii; Priam's Automotive Service & Repair, Inc.; Burgers on Bishop; Hawaiian Cool Water; Art Nelson Sailmaker/Ullman Sails Hawaii; 3 Financial Group LLC; Gochi Grill on Bishop Street; Maui Chamber of Commerce; and eight individuals. Your Committee received testimony in opposition to this measure from the American Council of Life Insurers and one individual. Your Committee received comments on this measure from the Department of Budget and Finance, State Procurement Office, Hawaii Bankers Association, and the National Association of Insurance and Financial Advisors- Hawaii.

According to a 2018 study by the U.S. Bureau of Labor Statistics, nearly 40,000,000 private-sector employees do not have access to a retirement plan through their employer. Many working Americans struggle when it comes to saving money for their short-term and long-term goals. Americans are not saving as much as they should for their retirement. Your Committee recognizes that this savings deficit threatens the quality of life of people in our State who are approaching retirement or are already retired.

Your Committee finds that states such as California, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York, Oregon, Vermont, and Washington have state-sponsored retirement programs. Many other states have introduced legislation for state-sponsored retirement programs. This measure establishes a task force to look at the feasibility of establishing a retirement savings program in Hawaii.

Your Committee has amended this measure by:

- (1) Requiring the task force consultant to assess the viability of current state retirement savings programs in other states and to determine the feasibility of joining a multi-state, state-facilitated retirement savings program;
- (2) Making the drafting of an implementation plan for a retirement savings program contingent on the task force's determination that a retirement savings program is feasible;
- (3) Separating the appointment of task force members who were jointly appointed by the President of the Senate and the Speaker of the House of Representatives, to be appointed by one or the other;
- (4) Adding to the task force membership, the Director of Taxation or the Director's designee, and a representative of business who offers a 401(k) plan, individual retirement account plan, or other similar retirement plan, who shall be selected by the President of the Senate;
- (5) Prohibiting certain task force members and any entity that employs the task force member from bidding on any potential contract arising from this measure;
- (6) Defining "small business";
- (7) Changing the appropriation to an unspecified sum;
- (8) Changing the number of full-time equivalent positions to manage the retirement savings program to an

unspecified number;

(9) Changing its effective date to January 1, 2050, to encourage further discussion; and

(10) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Should your Committee on Finance choose to hear this measure, your Committee respectfully requests that it consider appropriating \$500,000 for fiscal year 2020-2021 to retain a consultant to conduct the activities specified in this measure and to pay for associated expenses, including allocating \$150,000 for one full-time equivalent (1.0 FTE) position to manage the retirement savings program.

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. 2251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2251, H.D. 1, and be referred to your Committee on Human Services & Homelessness.

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

AARON LING JOHANSON, Chair