



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

July 12, 2006

GOV. MSG. NO. 867

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

Re: Senate Bill No. 2274 SD1 HD2 CD1

On July 11, 2006, Senate Bill 2274, entitled "A Bill for an Act Relating to the Employees' Retirement System" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill would allow the directors of the offices of council services within the counties of Maui and Honolulu to participate as Class A members within the State Employees' Retirement System if they were employed prior to July 1, 2006.

The intent of this bill is to place the directors of the councils of these two counties on a par with the county clerks of Hawaii and Kauai who perform similar functions. While this objective is understandable, we must point out that Class A membership in the Employees' Retirement System has traditionally been reserved for high-level officials such as judges and elected leaders. Additionally, Class A membership is extended to those with jobs that subject them to possible bodily harm, such as narcotics investigators and public safety officers. The rationale is that these positions have a level of tenuousness and difficulty not found in other public positions.

My Administration remains concerned about the precedent this bill establishes in allowing legislatively favored personnel to become Class A contributory plan retirement system members while other senior personnel in the executive agencies are not allowed to receive this higher retirement benefit.

Further, it should be noted that the directors of the council have the option to join the hybrid retirement plan which allows them to accrue higher retirement benefits if they are willing to pay a portion of their earnings into the plan .

The Honorable Robert Bunda, President
and Members of the Senate
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For the foregoing reasons, I allowed Senate Bill No. 2274 to be come law as Act 309 effective July 11, 2006 without my signature.

Sincerely,



LINDA LINGLE

A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 88-47, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) There shall be four classes of members in the system
4 to be known as class A, class B, class C, and class H, defined
5 as follows:

6 (1) Class A shall consist of:

7 (A) Judges, elected officials, and legislative
8 officers;

9 (B) Investigators of the department of the attorney
10 general, narcotics enforcement investigators,
11 water safety officers not making the election
12 under section 88-271, and public safety
13 investigations staff investigators;

14 (C) Those members in service prior to July 1, 1984,
15 including those who are on approved leave of
16 absence, not making the election to become a
17 class C member as provided in part VII or to
18 become a class H member as provided in part VIII;



1 membership after June 30, 1957, but before
2 January 1, 2004;

3 (2) Class B shall consist of:

4 (A) Police officers and firefighters, including
5 former retirants who return to service in such
6 capacity;

7 (B) All employees, including former retirants, who
8 were members on July 1, 1957, who elected not to
9 be covered by the Social Security Act; and

10 (C) All employees, including former retirants, in
11 positions to which coverage under Title II of the
12 Social Security Act is not extended, who enter
13 membership after June 30, 1957, but before
14 January 1, 2004, not making the election to
15 become a class H member as provided in part VIII;

16 (3) Except for members described in paragraphs (1) and
17 (2), class C shall consist of all employees, not
18 making the election to become a class H member as
19 provided in part VIII, who:

20 (A) First enter service after June 30, 1984, but
21 before July 1, 2006;

1 (B) Reenter service after June 30, 1984, but before
2 July 1, 2006, without vested benefit status as
3 provided in section 88-96(b);

4 (C) Make the election to become a class C member as
5 provided in part VII; or

6 (D) Are former class C retirants who return to
7 service requiring the retirant's active
8 membership; and

9 (4) Except for members described in paragraphs (1) and
10 (2), class H shall consist of all employees who:

11 (A) First enter service after June 30, 2006;

12 (B) Reenter service after June 30, 2006, without
13 vested benefit status as provided in
14 section 88-96(b);

15 (C) Make the election to become a class H member as
16 provided in part VIII; or

17 (D) Are former class H retirants who return to
18 service requiring the retirant's active
19 membership."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

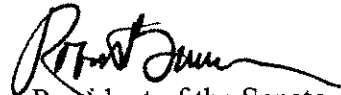
22 SECTION 3. This Act shall take effect on July 1, 2006.



THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2006
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2006.


President of the Senate



Clerk of the Senate

**THE HOUSE OF REPRESENTATIVES
OF THE STATE OF HAWAII**

Date: May 2, 2006
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the House of Representatives of the Twenty-third Legislature of the State of Hawaii, Regular Session of 2006.


Speaker, House of Representatives


Clerk, House of Representatives