

Honolulu, Hawaii

FEB 17, 2006

RE: H.B. No. 2678
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2678 entitled:

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

begs leave to report as follows:

The purpose of this bill is to assist public employees with incurable and debilitating diseases and approved for ordinary disability benefits to retire at a time of their choosing rather than the established 90-day deadline established through administrative rules.

The Employees Association of the City and County of Honolulu, Hawaii Government Employees Association, Hawaii State Teachers Association, and numerous individuals testified in support of this bill. The Department of the Attorney General and Employees' Retirement System (ERS) submitted comments.

Currently, ERS administrative rules require a member to retire within 90 days after the member is notified of a favorable decision on the member's ordinary disability retirement application even though the employee may still be productive. Your Committee finds that many employees diagnosed with debilitating or incurable diseases often remain productive members of society who are willing to provide invaluable service to the community. These individuals should be allowed to continue to work until they are physically unable to do so.

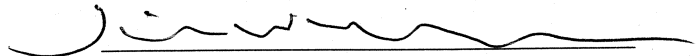


Your Committee has amended this measure by:

- (1) Clarifying that a member whose application for a disability retirement allowance is approved by the ERS board while the member is still in service may terminate service and retire at any time following such approval; 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. 2678, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2678, H.D. 1, and be referred to the Committee on Finance.

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


KIRK CALDWELL, Chair



