

Honolulu, Hawaii

APR -7 2006

RE: H.B. No. 2678  
H.D. 2  
S.D. 2

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2678, H.D. 2, S.D. 1, 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 allow a member of the Employees' Retirement System who is diagnosed with an incurable debilitating disease to qualify for ordinary disability retirement but continue working until the member is no longer able to do so.

Specifically, the measure:

- (1) Requires the Employees' Retirement System's medical board to render a decision on whether the member suffers from an incurable debilitating disease within thirty days of the receipt of the member's application for ordinary disability retirement;
- (2) Requires the Employees' Retirement System's Board of Trustees to render a decision on the member's application for ordinary disability retirement within thirty days of receipt of the medical board's determination of eligibility for ordinary disability retirement; and



- (3) Establishes a definition for the term "incurable debilitating disease".

Your Committee finds that, under existing law, a member of the Employees' Retirement System can only qualify for ordinary disability retirement upon certification by the Employees' Retirement System's Medical Board that the member is permanently mentally or physically incapacitated and should be retired. However, your Committee further finds that some Employees' Retirement System members suffer from incurable debilitating diseases that have not yet progressed to the point where the members are unable to continue working. The measure would allow an Employees' Retirement System member suffering from an incurable debilitating disease to qualify for ordinary disability retirement but continue working until physically or mentally unable to do so.

However, in the testimony submitted by the Employees' Retirement System, the Employees' Retirement System was concerned that the definition for "incurable debilitating disease" is too broad and would lead to retirement opportunities that could be viewed as contrary to the original intent of the ordinary disability retirement law. To address the Employees' Retirement System's concern, your Committee has amended the measure by replacing the amendments to the Employees' Retirement System's ordinary disability retirement law as received by your Committee, with amendments that:

- (1) Extend the current ninety-day retirement deadline to one hundred fifty days after notification of the Employees' Retirement System's Board of Trustees' approval of the member's ordinary disability application; and
- (2) Allow a member to file up to three ordinary disability applications and provide that, if the member's third ordinary disability application is approved by the Employees' Retirement System's Board of Trustees, the member would be required to retire no later than one hundred fifty days after the mailing of the notice of the Board of Trustees' approval.

Your Committee finds that the proposed three application limitation is similar to the current statutory requirement for regular retirement applications. However, if a member's ordinary disability application is denied by the Employees' Retirement



System's Board of Trustees, that application would not be counted towards the three application limitation.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2678, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2678, H.D. 2, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



BRIAN T. TANIGUCHI, Chair



The Senate  
 Twenty-Third Legislature  
 State of Hawaii

Record of Votes of the  
 Committee on Ways and Means  
 (Bills and Resolutions)

Measure: HB 2678 HD2 SD1	Committee Referral: LBR, WAM	Date: 3/31/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani				/
ESPERO, Will	/			
FUKUNAGA, Carol				/
HOOSER, Gary L.	/			
INOUYE, Lorraine R.	/			
KANNO, Brian	/			
KIM, Donna Mercado	/			
KOKUBUN, Russell S.	/			
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman	/			
HEMMINGS, Fred	/			
SLOM, Sam		/		
TRIMBLE, Gordon				/
TOTAL	11	1	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Do not list more than one measure per Record of Votes.