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## A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYMENT.

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

1           SECTION 1. The purpose of this Act is to require the State  
2 to pay the full base monthly contribution into the employer-  
3 union health benefit trust fund for a retiree who:

- 4           (1) Was hired prior to July 1, 1996;  
5           (2) Incurs a break in service of more than one year;  
6           (3) Returns to service after July 1, 2001; and  
7           (4) Cumulatively accrues the number of years of credited  
8           service required for vesting under the employees'  
9           retirement system, regardless of a break in service.

10          SECTION 2. Section 87A-35, Hawaii Revised Statutes, is  
11 amended by amending subsections (a) and (b) to read as follows:

12          "(a) This section shall apply to state and county  
13 contributions to the fund for employees who were hired after  
14 June 30, 1996, but before July 1, 2001, and who retire with  
15 fewer than twenty-five years of credited service, excluding sick  
16 leave; provided that this section shall not apply to the  
17 following employees, for whom state and county contributions  
18 shall be made as provided by section 87A-33:



- 1 (1) An employee hired prior to July 1, 1996, who transfers  
2 employment after June 30, 1996, and who cumulatively  
3 accrues at least ten years of credited service; and
- 4 (2) An employee hired prior to July 1, 1996, who [~~has at~~  
5 ~~least ten years of credited service prior to a break~~  
6 ~~in service.~~] cumulatively accrues either prior to or  
7 after a break in service of any duration a total of at  
8 least ten years of credited service.

9 For the purposes of this section:

10 "Break in service" means to leave state or county  
11 employment for more than ninety calendar days before returning  
12 to state or county employment.

13 "Transfer" means to leave state or county employment and  
14 return to state or county employment within ninety calendar  
15 days.

16 (b) For purposes of this section, if an employee leaves  
17 state or county employment and returns to state or county  
18 employment after June 30, 1996, upon retirement, the employee's  
19 years of service shall be computed in the same manner as set  
20 forth in chapter 88[-], including without limitation, section  
21 88-273(a)."



1 SECTION 3. Section 87A-36, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) This section shall apply to state and county  
4 contributions to the fund for employees hired after June 30,  
5 2001, and who retired, except that this section shall not apply  
6 to the following employees, for whom state and county  
7 contributions shall be made as provided by ~~[section]~~:

8 (1) Section 87A-35:

9 ~~[+1]~~ (A) An employee hired after June 30, 1996, and prior  
10 to July 1, 2001, who transfers employment after  
11 June 30, 2001, and who cumulatively accrues at  
12 least ten years of credited service; and

13 ~~[+2]~~ (B) An employee hired after June 30, 1996, and prior  
14 to July 1, 2001, who has at least ten years of  
15 credited service prior to a break in service~~[-]~~;  
16 and

17 (2) Section 87A-33: an employee hired prior to July 1,  
18 1996, who returns to state or county employment after  
19 July 1, 2001, and who cumulatively accrues either  
20 prior to or after a break in service of any duration a  
21 total of at least ten years of credited service.

22 For purposes of this section:



1 "Break in service" means to leave state or county  
2 employment for more than ninety calendar days before returning  
3 to state or county employment.

4 "Transfer" means to leave state or county employment and  
5 return to state or county employment within ninety calendar  
6 days."

7 SECTION 4. Section 88-62, Hawaii Revised Statutes, is  
8 amended by amending subsections (a) and (b) to read as follows:

9 "(a) If a former member who has less than five years of  
10 credited service and who has been out of service for a period of  
11 four full calendar years or more after the year in which the  
12 former member left service, or if a former member who withdrew  
13 the former member's accumulated contributions returns to  
14 service, [~~the former member shall become a member in the same  
15 manner and under the same conditions as anyone first entering  
16 service; however, the former member may obtain membership  
17 service credit in the manner provided by applicable law for  
18 credited service that was forfeited by the member upon  
19 termination of the member's previous membership.] the member's  
20 status shall be in accordance with the provisions described in  
21 section 88-97. If the member did not withdraw the former  
22 member's accumulated contributions prior to the former member's~~



1 return to service, the accumulated contributions shall be  
2 returned to the member as part of the process of enrolling the  
3 member in the system if the member's accumulated contributions  
4 are \$1,000 or less at the time of distribution. If the  
5 accumulated contributions for the service the member had when  
6 the member previously terminated employment are greater than  
7 \$1,000 and the member does not make written application, prior  
8 to or contemporaneously with the member's return to service, for  
9 return of the accumulated contributions, the member may not  
10 withdraw the member's accumulated contributions, except as  
11 provided by section 88-96 or 88-341, until the member retires or  
12 attains age sixty-two. The member shall not be entitled to  
13 service credit by reason of the system's retention of the  
14 member's accumulated contributions for the service the member  
15 had when the member previously terminated employment.

16 To be eligible for any benefit, the member shall fulfill  
17 the membership service requirements for the benefit through  
18 membership service after again becoming a member, in addition to  
19 meeting any other eligibility requirement established for the  
20 benefit; provided that the membership service requirement shall  
21 be exclusive of any former service acquired in accordance with  
22 section 88-59 or any other section in part II, VII, or VIII.



1 (b) If a former member with less than five years of  
2 credited service and who did not withdraw the former member's  
3 accumulated contributions returns to service within four full  
4 calendar years after the year in which the former member left  
5 service, [~~the former member shall again become a member in the~~  
6 ~~same manner and under the same conditions as anyone first~~  
7 ~~entering service, except that the member shall be credited with~~  
8 ~~service credit for the service the member had when the member~~  
9 ~~terminated employment and:~~

10 ~~(1) If the member returns to service as a class A or class~~  
11 ~~B member, the member's new and previous accumulated~~  
12 ~~contributions shall be combined; or~~

13 ~~(2) If the member returns to service after June 30, 2006,~~  
14 ~~as a class H member, section 88-321(b) shall apply.]~~

15 the member's status shall be in accordance with the provisions  
16 described in section 88-97."

17 SECTION 5. Section 88-273, Hawaii Revised Statutes, is  
18 amended by amending subsection (a) to read as follows:

19 "(a) Any class C member who terminates service prior to  
20 accumulating ten years of credited service, excluding unused  
21 sick leave, shall cease to be a member and shall forfeit all  
22 credited service; provided that:



1           (1) If the former class C member becomes a member again  
2           within one calendar year from the date of termination,  
3           all service credit for previous service shall be  
4           restored. If the former class C member becomes a  
5           member again more than one calendar year after the  
6           date of termination, [~~one month of service credit for~~  
7           ~~previous service shall be restored for each month of~~  
8           ~~service rendered following the return to membership.]  
9           all service credit for previous service shall be  
10          restored.~~

11          (2) If the former class C member becomes a class A, class  
12          B, or class H member within one calendar year from the  
13          date of termination, all class C service credit for  
14          previous service shall be restored. If the former  
15          class C member becomes a class A, class B, or class H  
16          member more than one calendar year after the date of  
17          termination, [~~one month of class C service credit for~~  
18          ~~previous service shall be restored for each month of~~  
19          ~~service rendered following the return to membership.]  
20          all class C service credit for previous service shall  
21          be restored.~~



1 Subject to the provisions of sections 88-322 and 88-324, the  
2 service credit restored pursuant to this subsection shall be  
3 class C service credit."

4 SECTION 6. Section 88-342, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 **"§88-342 Return to service of a former member without**  
7 **vested benefit status.** (a) When a former class H member who  
8 does not have vested benefit status returns to service, [the  
9 ~~former member shall become a member in the same manner and under~~  
10 ~~the same conditions as anyone first entering service and, except~~  
11 ~~as provided in subsection (b), to be eligible for any benefit,~~  
12 ~~the member shall fulfill the membership service requirements for~~  
13 ~~the benefit through membership service after again becoming a~~  
14 ~~member in addition to meeting any other eligibility requirement~~  
15 ~~established for the benefit; provided that the membership~~  
16 ~~service requirement shall be exclusive of any former service~~  
17 ~~acquired in accordance with section 88 324 or any other section~~  
18 ~~in part II, VII, or VIII.~~

19 ~~(b) When a former class H member who does not have vested~~  
20 ~~benefit status but who did not withdraw the former member's~~  
21 ~~accumulated contributions returns to service, the member shall~~  
22 ~~be credited with service credit for the service the member had~~







1 ~~when the member terminated employment and the member's new and~~  
2 ~~previous accumulated contributions shall be combined.] the~~  
3 former member shall again become a member and shall contribute  
4 for membership service as provided by the law in effect during  
5 the member's reenrolled period of membership, and the former  
6 member shall be credited with service credit for the service the  
7 member had when the member terminated employment and the  
8 member's new and previous accumulated contributions shall be  
9 combined."

10 SECTION 7. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 8. This Act shall take effect upon its approval.

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INTRODUCED BY:


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JAN 23 2008



**Report Title:**

Employer-Union Health Benefits Trust Fund; Employees' Retirement System

**Description:**

Allows members without vested benefit status in the employees' retirement system who return to service to continue accumulating service credit as if no break in service had occurred. Requires the State to pay the entire base monthly contribution into the employer-union health benefits trust fund for retirees hired prior to 7/1/96 who cumulatively accrue, either prior to or after a break in service of any duration, a total of at least 10 years of credited service.

