

STAND. COM. REP. NO. 1239

Honolulu, Hawaii

March 27, 2009

RE: S.B. No. 876  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 876, S.D. 2, 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 clarify various provisions relating to the Employees' Retirement System (ERS) including, among other things, clarifying that:

- (1) Ordinary disability retirement is effective on the first day of the month, except for the month of December when retirement on the first or last day of the month shall be allowed, but no earlier than 30 days from the date the application was filed or the date the member terminated service, whichever is later;
- (2) If a noncontributory member terminates service prior to accumulating ten years of credited service and becomes a member again by December 31<sup>st</sup> of the year following the calendar year of the termination, all service credits previously forfeited would be restored;
- (3) The cap on the maximum retirement allowance imposed on certain members also apply to the retirant's benefits when they are reemployed; and

SB876 HD1 HSCR LAB HMS 2009-3340



- (4) A challenge to an application for disability retirement or accidental death benefits is considered a petition for a contested case hearing and not an appeal of a medical board's decision.

This bill also allows:

- (1) Approved attorney's fees and costs to be paid to the member or survivor instead of being paid only on a reimbursable basis; and
- (2) ERS to stop collecting retirement contributions from certain re-employed retirants who have reached their maximum average final compensation ceiling.

The ERS Board of Trustees supported this bill.

The clarifications contained in this measure will conform existing ERS statutes to current practice and help to streamline the administration of the ERS, allowing the ERS to provide more accurate and efficient service to their members.

Your Committee has amended this bill by further amending ERS statutes to:

- (1) Allow ERS to use December 31, 2008, as the valuation date to determine the cost of converting a member's Noncontributory Plan Service to Hybrid Plan Service; and
- (2) Extend the conversion deadline for a member who is absent from the state due to military service during the Hybrid Conversion period by allowing up to 180 days after the member returns to work to pay for the conversion.

Technical, nonsubstantive amendments were also made 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 S.B. No. 876, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 876, S.D. 2, 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,



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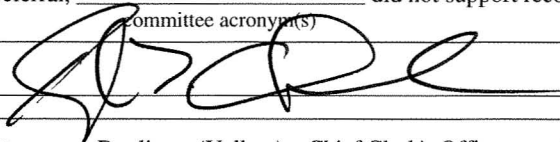
KARL RHOADS, Chair



State of Hawaii  
House of Representatives  
The Twenty-fifth Legislature

USCR 1239

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: <b>SB 876 SD2</b>	Committee Referral: <b>LAB, FIN</b>	Date: <b>3-20-09</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. AWANA, Karen Leinani	/			
5. HANOHANO, Faye P.	/			
6. KEITH-AGARAN, Gilbert S.C.	/			
7. LEE, Marilyn B.	/			
8. NAKASHIMA, Mark M.	/			
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.				/
11. TAKUMI, Roy M.	/			
12. PINE, Kymberly Marcos	/			
<b>TOTAL (12)</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>1</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>_____ committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO				