
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:



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- 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)."



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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.] 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~~



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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.



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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 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:



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- 1 (1) If the former class C member becomes a member again
2 ~~[within one calendar year from the date of~~
3 ~~termination]~~, all service credit for previous service
4 shall be restored. ~~[If the former class C member~~
5 ~~becomes a member again more than one calendar year~~
6 ~~after the date of termination, one month of service~~
7 ~~credit for previous service shall be restored for each~~
8 ~~month of service rendered following the return to~~
9 ~~membership.]~~
- 10 (2) If the former class C member becomes a class A, class
11 B, or class H member within one calendar year from the
12 date of termination, all class C service credit for
13 previous service shall be restored. If the former
14 class C member becomes a class A, class B, or class H
15 member more than one calendar year after the date of
16 termination, ~~[one month of]~~ all class C service credit
17 for previous service shall be restored ~~[for each month~~
18 ~~of service rendered following the return to~~
19 ~~membership]~~.
- 20 Subject to the provisions of sections 88-322 and 88-324, the
21 service credit restored pursuant to this subsection shall be
22 class C service credit."



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

3 "§88-342 Return to service of a former member without
4 vested benefit status. [~~(a)~~] When a former class H member who
5 does not have vested benefit status returns to service, the
6 former member shall [~~become a member in the same manner and~~
7 ~~under the same conditions as anyone first entering service and,~~
8 ~~except as provided in subsection (b), to be eligible for any~~
9 ~~benefit, the member shall fulfill the membership service~~
10 ~~requirements for the benefit through membership service after~~
11 ~~again becoming a member in addition to meeting any other~~
12 ~~eligibility requirement established for the benefit; provided~~
13 ~~that the membership service requirement shall be exclusive of~~
14 ~~any former service acquired in accordance with section 88-324 or~~
15 ~~any other section in part II, VII, or VIII.~~

16 ~~(b) When a former class H member who does not have vested~~
17 ~~benefit status but who did not withdraw the former member's~~
18 ~~accumulated contributions returns to service, the member shall~~
19 ~~be credited with service credit for the service the member had~~
20 ~~when the member terminated employment and the member's new and~~
21 ~~previous accumulated contributions shall be combined.] again
22 become a member and shall contribute for membership service as~~



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1 provided by the law in effect during the member's reenrolled
2 period of membership, and the former member shall be credited
3 with service credit for the service the member had when the
4 member terminated employment and the member's new and previous
5 accumulated contributions shall be combined."

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

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

9

INTRODUCED BY:



JAN 21 2009



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.

