



GOV. MSG. NO. 1117

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

May 18, 2017

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Ninth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Twenty-Ninth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on May 18, 2017, the following bill was signed into law:

SB936 SD2 HD1 CD1

RELATING TO THE EMPLOYEES' RETIREMENT  
SYSTEM  
**ACT 017 (17)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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# A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

PART I

SECTION 1. Section 88-74.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The system shall finalize a retirant's pension benefit within six calendar months following the month of the retirant's retirement [-] when the effective date of retirement is the first day of the month. When the effective date of retirement is December 31, the system shall finalize a retirant's pension benefit within seven calendar months following the month of the retirant's retirement. For pension benefits finalized after the sixth calendar month following the month of the retirant's retirement [-] when the effective date of retirement is on the first day of the month, or the seventh calendar month following the month of the retirant's retirement when the effective date of retirement is December 31, an interest payment amounting to [~~four and one-half~~] an amount to be established by the board that shall not be less than the ninety day United States treasury bill rate as of the end of the



1 prior year plus one per cent per [annum] year shall be paid to  
2 the retirant. Interest shall be calculated on the difference  
3 between the amount the retirant is entitled to receive from the  
4 retirant's retirement date up to the day the payment is made and  
5 the amount the retirant was paid, including any refund of member  
6 contributions.

7 Beginning January 1, 2004, or the first day of the seventh  
8 calendar month following the month of retirement [~~7~~] when the  
9 effective date of retirement is on the first day of the month,  
10 or the first day of the eighth calendar month following the  
11 month of retirement when the effective date of retirement is  
12 December 31, whichever is [later,] the latest, interest payments  
13 calculated as simple interest shall be prorated up to the date  
14 payment is made; provided that any pension adjustment made after  
15 the retirant's pension has once been finalized shall not be  
16 subject to any interest payment.

17 The system shall finalize ordinary and service-connected  
18 disability retirements within six calendar months following the  
19 month that the member's retirement is approved by the board or  
20 the actual retirement date specified by the member, whichever is  
21 later."



1 SECTION 2. Section 88-100, Hawaii Revised Statutes, is  
2 amended by amending subsection (e) to read as follows:

3 "(e) The additional contributions required by this section  
4 shall be payable in a lump sum [~~in the~~] within two fiscal [~~year~~]  
5 years following the fiscal year in which the employee or former  
6 employee retired; provided that, if the additional contributions  
7 required for the employees or former employees who retire in a  
8 fiscal year are greater than ten per cent of the employer's  
9 contributions (excluding the additional contributions) to the  
10 pension accumulation fund for that fiscal year, the employer may  
11 pay the additional contributions over a period of three fiscal  
12 years in installments equal to no less than one-third of the  
13 original amount of the required additional contributions, plus  
14 interest on the unpaid balance, commencing on the first day of  
15 the second fiscal year following the retirement of the employees  
16 or former employees, at an annual rate equal to the investment  
17 yield rate assumption for actuarial valuations of the system."

18 PART II

19 SECTION 3. Section 88-75, Hawaii Revised Statutes, is  
20 amended to read as follows:



1           "§88-75 Ordinary disability retirement. (a) [~~Upon~~] Under  
2 rules the board of trustees may adopt, upon application of a  
3 member in service or on leave without pay, or the person  
4 appointed by the family court as guardian of an incapacitated  
5 member, any member who has ten or more years of credited service  
6 shall be retired by the [~~board of trustees~~] system on an  
7 ordinary disability retirement allowance if the medical board[~~7~~]  
8 or other entity designated by the board of trustees, after a  
9 medical examination of the member, certifies that:

10           (1) The member is mentally or physically incapacitated for  
11           the further performance of duty at the time of  
12           application;

13           (2) The incapacity is likely to be permanent; and

14           (3) The member should be retired.

15           (b) Upon approval by the [~~board,~~] system, the member shall  
16 be eligible to receive an ordinary disability retirement benefit  
17 no earlier than thirty days from the date the application was  
18 filed or the date the member terminated service, whichever is  
19 later. Retirement shall be effective on the first day of a  
20 month, except for the month of December when retirement on the  
21 first or last day of the month shall be allowed. A member whose



1 application for an ordinary disability retirement allowance is  
2 approved by the [~~board~~] system while the member is still in  
3 service may terminate service and retire at any time following  
4 the approval; provided that retirement shall become effective on  
5 the first day of the month following the month the applicant  
6 terminates employment or goes off the payroll, except for the  
7 month of December when retirement on the first or last day of  
8 the month shall be allowed."

9 SECTION 4. Section 88-79, Hawaii Revised Statutes, is  
10 amended as follows:

11 1. By amending subsection (a) to read:

12 "(a) [~~Upon~~] Under rules the board of trustees may adopt,  
13 upon application of a member, or the person appointed by the  
14 family court as guardian of an incapacitated member, any member  
15 who has been permanently incapacitated for duty as the natural  
16 and proximate result of an accident occurring while in the  
17 actual performance of duty at some definite time and place, or  
18 as the cumulative result of some occupational hazard, through no  
19 wilful negligence on the member's part, may be retired by the  
20 [~~board~~] system for service-connected disability; provided that:



- 1 (1) In the case of an accident occurring after July 1,  
2 1963, the employer shall file with the system a copy  
3 of the employer's report of the accident submitted to  
4 the director of labor and industrial relations;
- 5 (2) An application for retirement is filed with the system  
6 within two years of the date of the accident, or the  
7 date upon which workers' compensation benefits cease,  
8 whichever is later;
- 9 (3) Certification is made by the head of the agency in  
10 which the member is employed, stating the time, place,  
11 and conditions of the service performed by the member  
12 resulting in the member's disability and that the  
13 disability was not the result of wilful negligence on  
14 the part of the member; and
- 15 (4) The medical board or other entity designated by the  
16 board of trustees certifies that the member is  
17 incapacitated for the further performance of duty at  
18 the time of application and that the member's  
19 incapacity is likely to be permanent."
- 20 2. By amending subsections (c), (d), and (e) to read:



1           "(c) The [~~board~~] system may waive strict compliance with  
2 the time limits within which a report of the accident and an  
3 application for service-connected disability retirement must be  
4 filed with the [~~board~~] system if it is satisfied that the  
5 failure to file within the time limited by law was due to  
6 ignorance of fact or law, inability, or to the fraud,  
7 misrepresentation, or deceit of any person, or because the  
8 applicant was undergoing treatment for the disability or was  
9 receiving vocational rehabilitation services occasioned by the  
10 disability.

11           (d) The [~~board~~] system may determine whether or not the  
12 disability is the result of an accident occurring while in the  
13 actual performance of duty at some definite time and place and  
14 that the disability was not the result of wilful negligence on  
15 the part of the member. The [~~board~~] system may accept as  
16 conclusive:

17           (1) The certification made by the head of the agency in  
18           which the member is employed; or

19           (2) A finding to this effect by the medical board[-] or  
20           other entity designated by the board of trustees.





1           (e) Upon approval by the [~~board,~~] system, the member shall  
2 be eligible to receive a service-connected disability retirement  
3 benefit after the member has terminated service. Retirement  
4 shall become effective on the first day of a month, except for  
5 the month of December when retirement on the first or last day  
6 of the month shall be allowed."

7           SECTION 5. Section 88-85, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

9           "(a) In the case of an accidental death as determined by  
10 the [~~board~~] system pursuant to section 88-85.5, there shall be  
11 paid to the member's designated beneficiary or to the member's  
12 estate the amount of the member's accumulated contributions and  
13 there shall be paid in lieu of the ordinary death benefit  
14 payable under section 88-84, a pension of one-half of the  
15 average final compensation of the member:

16           (1) To the surviving spouse or reciprocal beneficiary of  
17 the member to continue until the surviving spouse or  
18 reciprocal beneficiary remarries, marries, or enters  
19 into a new reciprocal beneficiary relationship;

20           (2) If there be no surviving spouse or reciprocal  
21 beneficiary, or if the surviving spouse or reciprocal



1 beneficiary dies or remarries, marries, or enters into  
2 a new reciprocal beneficiary relationship before any  
3 child of the deceased member shall have attained the  
4 age of eighteen years, then to the deceased member's  
5 child or children under the age of eighteen, divided  
6 in the manner as the [board] system in its discretion  
7 shall determine, to continue as a joint and survivor  
8 pension of one-half of the deceased member's final  
9 compensation until every child dies, or attains the  
10 age of eighteen; or

- 11 (3) If there is no surviving spouse or reciprocal  
12 beneficiary or child under the age of eighteen years  
13 surviving the deceased member, then to the deceased  
14 member's dependent father or dependent mother, as the  
15 deceased member shall have nominated by written  
16 designation duly acknowledged and filed with the  
17 [board<sub>7</sub>] system, or if there is no nomination, then to  
18 the deceased member's dependent father or to the  
19 deceased member's dependent mother as the [board<sub>7</sub>]  
20 system, in its discretion, shall direct to continue  
21 for life.



1 The pension shall be effective on the first day of the month  
2 following the member's death, except for the month of December,  
3 when benefits shall be effective on the first or last day of the  
4 month."

5 SECTION 6. Section 88-85.5, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "§88-85.5 Applications for accidental death benefits;  
8 approval by the ~~board.~~ system. (a) [An] Under rules the  
9 board of trustees may adopt, an application for service-  
10 connected accidental death benefits may be filed with the system  
11 by or on behalf of the claimant pursuant to section 88-85, 88-  
12 286, or 88-339, on a form provided by the system. The  
13 application shall be filed no later than three years from the  
14 date of the member's death.

15 (b) After the claimant files an application for service-  
16 connected accidental death benefits, the system shall obtain the  
17 following:

18 (1) A copy of the employer's report of the accident  
19 submitted by the employer to the department of labor  
20 and industrial relations, workers' compensation  
21 division, and other reports relating to the accident;



- 1 (2) A certified statement from the head of the department  
2 in which the deceased member was employed, stating the  
3 date, time, and place of the accident, and the nature  
4 of the service being performed when the accident  
5 occurred. The statement shall also include an opinion  
6 as to whether or not the accident was the result of  
7 wilful negligence on the deceased member's part;
- 8 (3) A copy of the latest position description of the  
9 deceased member's duties and responsibilities;
- 10 (4) A certified copy of the death certificate; and
- 11 (5) A copy of an autopsy report, if performed.
- 12 (c) Upon the system's receipt of the application and  
13 documents specified in subsection (b), the medical board or  
14 other entity designated by the board of trustees shall determine  
15 and certify to the [~~board~~] system whether the member's death was  
16 an accidental death as defined in section 88-21.
- 17 (d) The [~~board~~] system may accept as conclusive as to  
18 whether or not the member's death was caused by wilful  
19 negligence on the part of the member:
- 20 (1) A certification made by the head of the agency in  
21 which the member is employed; or



1           (2) A finding by the medical board~~[r]~~ or other entity  
2                     designated by the board of trustees.

3           (e) After the medical board or other entity designated by  
4 the board of trustees submits its certification to the system,  
5 the ~~[board]~~ system shall approve or disapprove the application.  
6 Upon approval of an application, benefits shall be paid as  
7 provided in section 88-85, 88-286, or 88-339."

8           SECTION 7. Section 88-284, Hawaii Revised Statutes, is  
9 amended by amending subsections (a) and (b) to read as follows:

10           "(a) ~~[Upon]~~ Under rules the board of trustees may adopt,  
11 upon application of a member in service or on leave without pay,  
12 or the person appointed by the family court as guardian of an  
13 incapacitated member, any member who has ten or more years of  
14 credited service shall be retired by the ~~[board of trustees]~~  
15 system on an ordinary disability retirement allowance if the  
16 medical board~~[r]~~ or other entity designated by the board of  
17 trustees, after a medical examination of the member, certifies  
18 that:

19           (1) The member is mentally or physically incapacitated for  
20                     the further performance of duty at the time of  
21                     application;



1 (2) The incapacity is likely to be permanent; and

2 (3) The member should be retired.

3 (b) Upon approval by the [~~board~~,] system, the member shall  
4 be eligible to receive an ordinary disability retirement benefit  
5 no earlier than thirty days from the date the application was  
6 filed or the date the member terminated service, whichever is  
7 later. Retirement shall be effective on the first day of a  
8 month, except for the month of December when retirement on the  
9 first or last day of the month shall be allowed. A member whose  
10 application for an ordinary disability retirement allowance is  
11 approved by the [~~board~~] system while the member is still in  
12 service may terminate service and retire at any time following  
13 the approval; provided that retirement shall become effective on  
14 the first day of the month following the month the applicant  
15 terminates employment or goes off the payroll, except for the  
16 month of December when retirement on the first or last day of  
17 the month shall be allowed."

18 SECTION 8. Section 88-286, Hawaii Revised Statutes, shall  
19 be amended by amending subsection (c) to read as follows:

20 "(c) In the case of accidental death as determined by the  
21 [~~board~~] system pursuant to section 88-85.5, the death benefit



1 shall be effective on the first day of the month following the  
2 member's death, except for the month of December when retirement  
3 on the first or last day of the month shall be allowed, as  
4 follows:

5 (1) For the surviving spouse or reciprocal beneficiary, an  
6 allowance equal to thirty per cent of the member's  
7 average final compensation, payable until remarriage,  
8 marriage, or upon entry into a new reciprocal  
9 beneficiary relationship;

10 (2) If there is a surviving spouse or reciprocal  
11 beneficiary, each child under the age of eighteen  
12 shall receive an allowance equal to the greater of:

13 (A) Ten per cent of the member's accrued maximum  
14 retirement allowance unreduced for age; provided  
15 that the aggregate death benefits for all the  
16 children under the age of eighteen shall not  
17 exceed twenty per cent of the member's accrued  
18 maximum retirement allowance unreduced for age;  
19 or

20 (B) Three per cent of the member's average final  
21 compensation; provided that the aggregate death



1           benefits for all the children under the age of  
2           eighteen shall not exceed six per cent of the  
3           member's average final compensation.

4           The death benefit under this paragraph shall be  
5           payable to each child until the child attains age  
6           eighteen; and

7           (3) If there is no surviving spouse or reciprocal  
8           beneficiary, each child under the age of eighteen  
9           shall receive an allowance equal to the greater of:

10          (A) Twenty per cent of the member's accrued maximum  
11          retirement allowance unreduced for age; provided  
12          that the aggregate death benefits for all the  
13          children under the age of eighteen shall not  
14          exceed forty per cent of the member's accrued  
15          maximum retirement allowance unreduced for age;  
16          or

17          (B) Six per cent of the member's average final  
18          compensation; provided that the aggregate death  
19          benefits for all the children under the age of  
20          eighteen shall not exceed twelve per cent of the  
21          member's average final compensation.





1           The death benefit under this paragraph shall be  
2           payable to each child until the child attains age  
3           eighteen."

4           SECTION 9. Section 88-334, Hawaii Revised Statutes, is  
5 amended to read as follows:

6           "§88-334 Ordinary disability retirement. (a) [~~Upon~~]  
7 Under rules the board of trustees may adopt, upon application of  
8 a class H member in service or on leave without pay, or the  
9 person appointed by the family court as guardian of an  
10 incapacitated member, any member who has ten or more years of  
11 credited service shall be retired by the [~~board~~] system on an  
12 ordinary disability retirement allowance if the medical board[~~7~~]  
13 or other entity designated by the board of trustees, after a  
14 medical examination of the member, certifies that:

15           (1) The member is mentally or physically incapacitated for  
16           the further performance of duty at the time of  
17           application;

18           (2) The incapacity is likely to be permanent; and

19           (3) The member should be retired.

20           (b) Upon approval by the [~~board,~~] system, the member shall  
21 be eligible to receive an ordinary disability retirement benefit



1 no earlier than thirty days from the date the application was  
2 filed or the date the member terminated service, whichever is  
3 later. Retirement shall be effective on the first day of a  
4 month, except for the month of December when retirement on the  
5 first or last day of the month shall be allowed. A member whose  
6 application for an ordinary disability retirement allowance is  
7 approved by the [~~board~~] system while the member is still in  
8 service may terminate service and retire at any time following  
9 the approval; provided that retirement shall become effective on  
10 the first day of the month following the month the applicant  
11 terminates employment or goes off the payroll, except for the  
12 month of December when retirement on the first or last day of  
13 the month shall be allowed."

14 SECTION 10. Section 88-336, Hawaii Revised Statutes, is  
15 amended as follows:

16 1. By amending subsection (a) to read:

17 "(a) [~~Upon~~] Under rules the board of trustees may adopt,  
18 upon application of a class H member, or the person appointed by  
19 the family court as guardian of an incapacitated member, any  
20 class H member who has been permanently incapacitated for duty  
21 as the natural and proximate result of an accident occurring



1 while in the actual performance of duty at some definite time  
2 and place, or as the cumulative result of some occupational  
3 hazard, through no wilful negligence on the member's part, may  
4 be retired by the [~~board~~] system for service-connected  
5 disability; provided that:

- 6 (1) In the case of an accident occurring after July 1,  
7 1963, the employer shall file with the system a copy  
8 of the employer's report of the accident submitted to  
9 the director of labor and industrial relations;
- 10 (2) An application for retirement is filed with the system  
11 within two years of the date of the accident, or the  
12 date upon which workers' compensation benefits cease,  
13 whichever is later;
- 14 (3) Certification is made by the head of the agency in  
15 which the member is employed, stating the time, place,  
16 and conditions of the service performed by the member  
17 resulting in the member's disability and that the  
18 disability was not the result of wilful negligence on  
19 the part of the member; and
- 20 (4) The medical board or other entity designated by the  
21 board of trustees certifies that the member is



1           incapacitated for the further performance of duty at  
2           the time of application and that the member's  
3           incapacity is likely to be permanent."

4           2. By amending subsections (c), (d), and (e) to read:

5           "(c) The [board] system may waive strict compliance with  
6           the time limits within which a report of the accident and an  
7           application for service-connected disability retirement must be  
8           filed with the [board] system if it is satisfied that the  
9           failure to file within the time limited by law was due to  
10          ignorance of fact or law, inability, or the fraud,  
11          misrepresentation, or deceit of any person, or because the  
12          applicant was undergoing treatment for the disability, or was  
13          receiving vocational rehabilitation services occasioned by the  
14          disability.

15          (d) The [board] system may determine whether the  
16          disability is the result of an accident occurring while in the  
17          actual performance of duty at some definite time and place and  
18          that the disability was not the result of wilful negligence on  
19          the part of the member. The [board] system may accept as  
20          conclusive:



1 (1) The certification made by the head of the agency in  
2 which the member is employed; or

3 (2) A finding to this effect by the medical board[-] or  
4 other entity designated by the board of trustees.

5 (e) Upon approval by the [~~board,~~] system, the member shall  
6 be eligible to receive a service-connected disability retirement  
7 benefit after the member has terminated service. Retirement  
8 shall be effective on the first day of a month, except for the  
9 month of December when retirement on the first or last day of  
10 the month shall be allowed."

11 SECTION 11. Section 88-339, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13 "(a) [~~It~~] Under rules the board of trustees may adopt, in  
14 the case of an accidental death as determined by the [~~board~~]  
15 system pursuant to section 88-85.5, there shall be paid to the  
16 member's designated beneficiary or to the member's estate the  
17 amount of the member's accumulated contributions and there shall  
18 be paid in lieu of the ordinary death benefit payable under  
19 section 88-338 a pension of one-half of the average final  
20 compensation of the member:



- 1           (1) To the surviving spouse or reciprocal beneficiary of  
2           the member to continue until the surviving spouse or  
3           reciprocal beneficiary remarries, marries, or enters  
4           into a new reciprocal beneficiary relationship;
- 5           (2) If there be no surviving spouse or reciprocal  
6           beneficiary, or if the surviving spouse or reciprocal  
7           beneficiary dies or remarries, marries, or enters into  
8           a new reciprocal beneficiary relationship before any  
9           child of the deceased member shall have attained the  
10          age of eighteen years, then to the deceased member's  
11          child or children under that age, divided in a manner  
12          as the [beard] system in its discretion shall  
13          determine, to continue as a joint and survivor pension  
14          of one-half of the deceased member's final  
15          compensation until every child dies, or attains that  
16          age; or
- 17          (3) If there is no surviving spouse or reciprocal  
18          beneficiary and no child under the age of eighteen  
19          years surviving the deceased member, then to the  
20          deceased member's dependent father or dependent  
21          mother, as the deceased member shall have nominated by



1 written designation duly acknowledged and filed with  
2 the [~~board~~,] system, or if there is no nomination,  
3 then to the deceased member's dependent father or to  
4 the deceased member's dependent mother as the [~~board~~,]  
5 system, in its discretion, shall direct to continue  
6 for life.

7 The pension shall be effective on the first day of the month  
8 following the member's death, except for the month of December,  
9 when benefits shall be effective on the first or last day of the  
10 month."

11 PART III

12 SECTION 12. The legislature finds that on December 12,  
13 2016, the board of trustees of the employees' retirement system  
14 adopted the recommendation of their actuary to change the  
15 assumptions used for required employer contribution rates based  
16 upon the actuary's assessment completed on June 30, 2016. Under  
17 these new assumptions, the period required to amortize the  
18 unfunded accrued liability of the employees' retirement system  
19 would increase from twenty-seven years to over thirty years.  
20 Pursuant to section 88-122, Hawaii Revised Statutes,  
21 contribution rates are subject to adjustment if the period



1 required to amortize the unfunded liability exceeds thirty  
2 years. To maintain the thirty-year funding period, the actuary  
3 recommended increasing the employer contribution rates to:

4 (1) Forty-one per cent for police officers, firefighters,  
5 and corrections officers; and

6 (2) Twenty-four per cent for all other employees.

7 The purpose of this Part is to incrementally increase the  
8 rates for employer contributions to the employees' retirement  
9 system to maintain the thirty-year funding period.

10 SECTION 13. Section 88-122, Hawaii Revised Statutes, is  
11 amended by amending subsection (e) to read as follows:

12 "(e) Commencing with fiscal year 2005-2006 and each  
13 subsequent fiscal year[7] until fiscal year 2007-2008, the  
14 employer contributions for normal cost and accrued liability for  
15 each of the two groups of employees in subsection (a) shall be  
16 based on fifteen and three-fourths per cent of the member's  
17 compensation for police officers, firefighters, and corrections  
18 officers and thirteen and three-fourths per cent of the member's  
19 compensation for all other employees. Commencing with fiscal  
20 year 2008-2009 and each subsequent fiscal year until fiscal year  
21 2011-2012, the employer contributions for normal cost and





1 accrued liability for each of the two groups of employees in  
2 subsection (a) shall be based on nineteen and seven-tenths per  
3 cent of the member's compensation for police officers,  
4 firefighters, and corrections officers and fifteen per cent of  
5 the member's compensation for all other employees. In fiscal  
6 year 2012-2013, the employer contributions for normal cost and  
7 accrued liability for each of the two groups of employees in  
8 subsection (a) shall be based on twenty-two per cent of the  
9 member's compensation for police officers, firefighters, and  
10 corrections officers and fifteen and one-half per cent of the  
11 member's compensation for all other employees. In fiscal year  
12 2013-2014, the employer contributions for normal cost and  
13 accrued liability for each of the two groups of employees in  
14 subsection (a) shall be based on twenty-three per cent of the  
15 member's compensation for police officers, firefighters, and  
16 corrections officers and sixteen per cent of the member's  
17 compensation for all other employees. In fiscal year 2014-2015,  
18 the employer contributions for normal cost and accrued liability  
19 for each of the two groups of employees in subsection (a) shall  
20 be based on twenty-four per cent of the member's compensation  
21 for police officers, firefighters, and corrections officers and



1 sixteen and one-half per cent of the member's compensation for  
2 all other employees. Commencing with fiscal year 2015-2016 [~~and~~  
3 ~~each subsequent fiscal year,~~] until fiscal year 2016-2017, the  
4 employer contributions for normal cost and accrued liability for  
5 each of the two groups of employees in subsection (a) shall be  
6 based on twenty-five per cent of the member's compensation for  
7 police officers, firefighters, and corrections officers and  
8 seventeen per cent of the member's compensation for all other  
9 employees. In fiscal year 2017-2018, the employer contributions  
10 for normal cost and accrued liability for each of the two groups  
11 of employees in subsection (a) shall be based on twenty-eight  
12 per cent of the member's compensation for police officers,  
13 firefighters, and corrections officers and eighteen per cent of  
14 the member's compensation for all other employees. In fiscal  
15 year 2018-2019, the employer contributions for normal cost and  
16 accrued liability for each of the two groups in subsection (a)  
17 shall be based on thirty-one per cent of the member's  
18 compensation for police officers, firefighters, and corrections  
19 officers and nineteen per cent of the member's compensation for  
20 all other employees. In fiscal year 2019-2020, the employer  
21 contributions for normal cost and accrued liability for each of



1 the two groups in subsection (a) shall be based on thirty-six  
2 per cent of the member's compensation for police officers,  
3 firefighters, and corrections officers and twenty-two per cent  
4 of the member's compensation for all other employees.  
5 Commencing with fiscal year 2020-2021 and each subsequent fiscal  
6 year, the employer contributions for normal cost and accrued  
7 liability for each of the two groups in subsection (a) shall be  
8 based on forty-one per cent of the member's compensation for  
9 police officers, firefighters, and corrections officers and  
10 twenty-four per cent of the member's compensation for all other  
11 employees. The contribution rates shall amortize the total  
12 unfunded accrued liability of the entire plan over a period not  
13 to exceed thirty years.

14 The contribution rates shall be subject to adjustment:

- 15 (1) If the actual period required to amortize the unfunded  
16 accrued liability exceeds thirty years;  
17 (2) If there is no unfunded accrued liability; or  
18 (3) Based on the actuarial investigation conducted in  
19 accordance with section 88-105."

20 SECTION 14. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



1 SECTION 15. This Act shall take effect on July 1, 2017.

APPROVED this 18 day of MAY, 2017

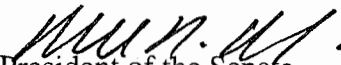



GOVERNOR OF THE STATE OF HAWAII

**THE SENATE OF THE STATE OF HAWAII**

Date: May 2, 2017  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the  
Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017.

  
President of the Senate

  
Clerk of the Senate

SB No. 936, SD 2, HD 1, CD 1

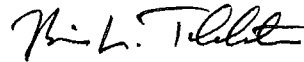
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2017  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2017.



Joseph M. Souki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives