



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2025**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 730, RELATING TO ALLOWANCE ON SERVICE RETIREMENTS.

**BEFORE THE:**

SENATE COMMITTEES ON PUBLIC SAFETY AND MILITARY AFFAIRS AND ON  
LABOR AND TECHNOLOGY

**DATE:** Monday, February 3, 2025      **TIME:** 3:00 p.m.

**LOCATION:** State Capitol, Room 224

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Lori N. Tanigawa, Deputy Attorney General

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Chairs Elefante and Aquino and Members of the Committees:

The Department of the Attorney General provides the following comments.

The bill amends chapter 88, Hawaii Revised Statutes (HRS), by: (1) adding definitions for "Department of law enforcement investigator," "Deputy director for the department of law enforcement," "Director of law enforcement," "Law enforcement investigations staff investigator," "Sheriff," and "Sheriff division investigator;" (2) reclassifying the Director of Law Enforcement, deputy directors of the Department of Law Enforcement (DLE), and the Sheriff as class A members in the Employees' Retirement System (ERS) effective July 1, 2025, provided those members have already been employed as a class A member prior to appointment; (3) reclassifying DLE investigators and Sheriff division investigators as class A members in the ERS effective July 1, 2025; (4) authorizing, after July 1, 2023, an enhanced retirement allowance for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, DLE investigator, and Sheriff division investigator if they meet the required years of credited service and are members before July 1, 2012; (5) authorizing an enhanced retirement allowance for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, DLE investigator, and Sheriff division investigator if they meet the required years of credited service and are members after June 30, 2012; (6) waiving the early retirement age penalty for the Director of Law Enforcement, Deputy Director of the DLE, the

Sheriff, DLE investigator, and Sheriff division investigator if they became a member before July 1, 2012, and have at least twenty-five years of eligible credited service; and (7) waiving the early retirement age penalty for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, DLE investigator, and Sheriff division investigator if they became a member after June 30, 2012, and if they have attained the age of fifty-five and have at least twenty-five years of eligible credited service.

In section 1 on page 2, lines 1 to 6, the bill adds a definition for "law enforcement investigations staff investigators" to section 88-21, HRS. However, section 88-21 already includes the definition. We recommend that the bill be amended by: (a) amending the number of definitions being added by changing the word "six" to "five" in section 1 on page 1, line 2, of the bill; and (b) deleting lines 1 to 6 from section 1 on page 2 of the bill.

In section 2 on page 4, line 17, of the bill, we recommend that the word "and" be bracketed and stricken. The word "and" should then be inserted at the end of line 10 on page 5 to read as follows: "January 1, 2004; and".

In section 3 on page 10, line 8, the bill provides for an enhanced retirement allowance after July 1, 2023, for certain DLE positions. Under section 1-3, HRS, "[n]o law has any retrospective operation, unless otherwise expressed or obviously intended." In order to comport with section 1-3, we recommend that the bill be amended in one of two ways: (1) the date on page 10, line 8, of the bill be changed from "July 1, 2023," to "June 30, 2025," or (2) section 5 of the bill on page 18, line 16, can be amended to provide: "This Act shall take effect upon its approval; provided that the new section 88-74(b)(7), Hawaii Revised Statutes, in section 3 shall take effect retroactive to July 1, 2023."

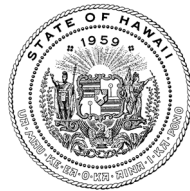
Lastly, we note that there is currently a moratorium on benefit enhancements. Section 88-99, HRS, states:

There shall be no benefit enhancements under this chapter for any group of members, including any reduction of retirement age, until such time as the actuarial value of the system's assets is one hundred per cent of the system's actuarial accrued liability.

If the Committees decide to pass this bill, we recommend that the bill be amended to

include a statement clarifying that the bill's provision of retirement benefits is "notwithstanding section 88-99."

Thank you for the opportunity to provide these comments.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON LABOR AND TECHNOLOGY AND  
PUBLIC SAFETY AND MILITARY AFFAIRS  
ON  
SENATE BILL NO. 730

**February 3, 2025**  
**3:00 p.m.**  
**Room 224 and Videoconference**

RELATING TO ALLOWANCE ON SERVICE RETIREMENTS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 730 amends Chapter 88, HRS, to include certain law enforcement administrators and employees of the Department of Law Enforcement (DLE) as Class A members of the pension and retirement system and adjust their retirement compensation computations to be similar to those of police officers, provided that for affected members of the Employees' Retirement System who became members before July 1, 2012, the adjustment to retirement compensation computations shall apply retroactively from July 1, 2023.

B&F has serious concerns as the proposed amendments will significantly increase the State's unfunded actuarial accrued liabilities (UAAL) for pension accumulation and other post-employment benefits for these employees and will set an undesirable precedent for other employee groups to request the same benefit enhancements.

It is important to note that Section 88-99, HRS, prohibits benefit enhancements for any group of members, including any reduction of retirement age, until such time as the

actuarial value of the system's assets is 100% of the system's actuarial liability, which is currently estimated at 22 years from now. A setback in the timeline of funding the State's UAALs and the increased annual fixed cost requirements burdening the State's budget will negatively impact the State's credit rating.

Further, while this measure increases the retirement compensation for the subject positions, it does not make conforming amendments to Section 88-45, HRS, to adjust their employee contributions to match the Class A positions such as police officers. Police officers and firefighters are provided with the ability to retire upon meeting service requirements without penalty for age; however, these employees contribute 14.2% of their compensation for this benefit. As the bill is currently drafted, the affected DLE employees will be provided police officer retirement benefits without having to contribute appropriately.

Finally, it should be noted that the affected DLE positions do not have the Social Security contribution exemption that police officers and firefighters have. (NOTE: When Social Security was being implemented, states were given the one-time option to exempt certain classes of employees - Hawai'i opted to exempt police officers and firefighters.) Consequently, if the affected DLE employees are required to contribute 14.2% of their compensation like police officers and firefighters, their Federal Insurance Contributions Act (7.65%) and retirement contributions would amount to 21.85% of their compensation.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR



THOMAS WILLIAMS  
EXECUTIVE DIRECTOR

GAIL STROHL  
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII  
EMPLOYEES' RETIREMENT SYSTEM**

TESTIMONY BY THOMAS WILLIAMS  
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON  
LABOR AND TECHNOLOGY  
AND  
PUBLIC SAFETY AND MILITARY AFFAIRS  
PROVIDING COMMENTS ON  
SENATE BILL NO. 730

**February 3, 2025**

**3:00 P.M.**

**Conference Room 224 and VIA Videoconference**

RELATING TO ALLOWANCE ON SERVICE RETIREMENTS.

Chairs Aquino and Elefante, Vice Chairs Lee and Wakai, and Members of the Committees,

The Employees' Retirement System (ERS) Board of Trustees has not had a chance to review the bill, however the ERS respectfully provides the following comments.

S.B. 730 proposes to amend chapter 88, Hawaii Revised Statutes (HRS), by: (1) adding six definitions for "Department of law enforcement investigator," "Deputy director for the department of law enforcement," "Director of law enforcement," "Law enforcement investigations staff investigator," "Sheriff," and "Sheriff division investigator;" (2) reclassifying the Director of Law Enforcement, deputy directors of the Department of Law Enforcement (DLE), and the Sheriff as class A members in the Employees' Retirement System (ERS) effective July 1, 2025, provided such members have already been employed as a class A member prior to appointment; (3)



Employees' Retirement System  
of the State of Hawaii

reclassifying DLE investigators and Sheriff division investigators as class A members in the ERS effective July 1, 2025; (4) authorizing, after July 1, 2023, an enhanced retirement allowance for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, DLE investigator, and Sheriff division investigator if they meet the required years of credited service and are members before July 1, 2012; (5) authorizing an enhanced retirement allowance for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, DLE investigator, and Sheriff division investigator if they meet the required years of credited service and are members after June 30, 2012; (6) waiving the early retirement age penalty for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, DLE investigator, and Sheriff division investigator if they became a member before July 1, 2012 and have at least 25 years of eligible credited service; and (7) waiving the early retirement age penalty for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, DLE investigator, and Sheriff division investigator if they became a member after June 30, 2012 and if they have attained the age of fifty-five and have at least 25 years of eligible credited service.

If the Committees intends to pass this bill, the ERS recommends that the bill be amended to require the DLE Director, DLE Deputy Director, DLE Investigators, Sheriff, and Sheriff Division Investigator positions to pay higher contribution rates (12.2% or 14.2%), consistent with other Class A members with enhanced benefits in Section 88-45, HRS. ERS also recommends that these positions be included in Section 88-122(a)(1) for the purposes of assessing increased employer contribution rates on ERS eligible compensation for these positions to adequately fund the enhanced benefits received.

To the extent that the proposed new definition of “Department of law enforcement investigator” appears to amend the existing definition of “Department of law enforcement investigator”, we recommend that any duplicative definition be omitted to prevent confusion.

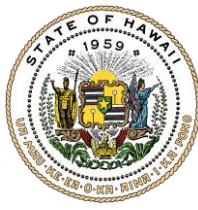
ERS also recommends that the Class A prerequisite be removed from the amendments to 88-47(a)(1)(G) (Section 2, pages 5-6) contained in the bill. This would conform to other such positions listed without such prerequisites and would eliminate conflict and confusion with existing enrollment statutes. This would also expand the members able to be enrolled for these benefits while filling these positions.

ERS further recommends that effective dates in the bill be clarified as the varying or omitted dates cause administrative complexity and confusion. For example, the July 1, 2023, date referring to requirements for and entitlement to the enhanced benefits in Section 3, page 10, line 8 of the bill appears to conflict with the July 1, 2025, effective date of when these positions would begin to be enrolled and eligible for the enhanced benefits under Class A in Section 2, page 5, line 12. Also, the omission of an effective date in Section 3, page 15, line 11 would imply that members of the ERS after June 30, 2012, employed in these positions would have been eligible for the enhanced benefit and eligibility from July 1, 2012.

Thank you for the opportunity to provide testimony on S.B. 730.



JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



MIKE LAMBERT  
DIRECTOR

SYLVIA LUKE  
LT GOVERNOR  
KE KE'ENA

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII  
**DEPARTMENT OF LAW ENFORCEMENT**  
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715 South King Street  
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JARED K. REDULLA  
Deputy Director  
Law Enforcement

TESTIMONY ON SENATE BILL 730  
RELATING TO ALLOWANCE ON SERVICE RETIREMENTS  
Before the Senate Committee on  
LABOR AND TECHNOLOGY, PUBLIC SAFETY AND MILITARY AFFAIRS  
Monday, February 3, 2025 3:00 PM  
State Capitol Conference Room 224 & Videoconference

Chair Aquino, Chair Elefante, Vice Chair Lee, Vice Chair Wakai, and members of the Committees:

The Department of Law Enforcement (DLE) strongly supports Senate Bill 730. This bill establishes clear definitions for specific Department of Law Enforcement employee positions and provides comprehensive guidance for computing retirement benefits for the Director of Law Enforcement, Deputy Directors, Sheriff, Sheriff Division Investigators, and Department of Law Enforcement Investigators. The proposed modifications to the retirement benefit calculations will help ensure fair and appropriate compensation for these critical law enforcement positions.

The DLE recognizes that competitive retirement benefits are essential for recruitment and retention of qualified law enforcement personnel. Currently, like many law enforcement agencies nationwide, we face significant challenges in maintaining adequate staffing levels due to increasing retirements and resignations. This bill addresses these challenges by creating a more attractive retirement package that better reflects the demanding nature and risks associated with law enforcement careers.

The proposed changes will help align our retirement benefits more closely with industry standards and create parity with other law enforcement agencies. This is particularly important as we compete with both county departments and mainland agencies for qualified personnel. The establishment of clear definitions and specific computation guidelines will also ensure consistent application of retirement benefits across all eligible positions within the department.

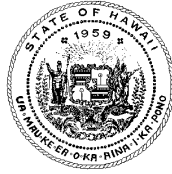
DLE also agrees with ERS in their testimony on HB1183 to address the following:

1. Require the DLE Director, DLE Deputy Director, DLE Investigators, Sheriff, and Sheriff Division Investigator positions to pay higher contribution rates (14.2%), consistent with other Class A members with enhanced benefits in Section 88-45, HRS.
2. These positions be included in Section 88-122(a)(1) for the purposes of assessing increased employer contribution rates on ERS eligible compensation for these positions to adequately fund the enhanced benefits received.
3. The Class A prerequisite be removed from the amendments to 88-47(a)(1)(G) (Section 2, pages 5-6) contained in the bill. This would conform to other positions listed without such prerequisites and would eliminate conflict and confusion with existing enrollment statutes as well as expand the members able to be enrolled for these benefits.
4. Effective date of July 1, 2025, be added to section 88-47(f)(6) (Section 3, page 15, line 5) of the bill to prevent retroactivity of the qualification for the enhanced benefit for tier 2 members (those with membership dates after June 30, 2012). Implementing retroactive qualifications would be administratively burdensome and would create a liability between the retroactively accrued benefit and the higher employee and employer contributions necessary to fund such enhanced benefit.

Thank you for the opportunity to testify in support of this bill.

JOSH GREEN, M. D.  
GOVERNOR  
KE KIA'ĀINA

SYLVIA LUKE  
LT. GOVERNOR  
KA HOPE KIA'ĀINA



BRENNA H. HASHIMOTO  
DIRECTOR  
KA LUNA HO'OKELE

BRIAN K. FURUTO  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII  
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Statement of  
**BRENNA H. HASHIMOTO**  
Director, Department of Human Resources Development

Before the  
**SENATE COMMITTEE ON PUBLIC SAFETY AND MILITARY AFFAIRS**  
**SENATE COMMITTEE ON LABOR AND TECHNOLOGY**  
Monday, February 3, 2025  
3:00 PM  
State Capitol, Conference Room 224

In consideration of  
**SB 730, Relating to Allowance on Service Retirements**

Chair Elefante, Chair Aquino, and members of the Committee on Public Safety and Military Affairs and Committee on Labor and Technology:

The Department of Human Resources Development (HRD) **supports** the intent of SB 730, which among other things, adds definitions for certain Department of Law Enforcement positions to be included in Class A and establishes guidance for the computation of their retirement benefits.

HRD finds that the proposed concept of adding certain leadership positions as Class A members could serve as an effective recruitment and retention tool given the likely pool of applicants are those currently enrolled in enhanced retirement plans such, as police officers and investigators. However, we find that the bill, as currently drafted, may lead to unintended consequences.

As such, we request that the committees defer decision making to allow HRD to work with the Employees' Retirement System, the Department of Law Enforcement, and the Attorney General's Office to develop language for the legislature that will accomplish the intent of this proposal.

We are available to answer any questions or provide further information as needed.