

EXECUTIVE CHAMBERS

HONOLULU

June 7, 1999

ORIGINAL

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 98

Honorable Members  
Twentieth Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 98, entitled "A Bill for an Act Relating to Pensioners' Bonus."

The purpose of House Bill No. 98 is to extend the sunset date of the pensioners' retirement bonus adopted in 1990 for another two years, until June 30, 2001. Retirees who have been retired for a minimum of five years and have at least ten years of credited service are eligible for the pensioners' bonus. This bonus provides an incremental adjustment every five years with a progressively larger bonus for those retired the longest. The bonus is in addition to the 2.5 percent annual post retirement increase that is automatically provided every July 1.

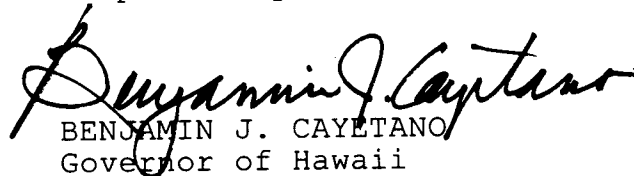
The pensioners' bonuses are funded on a pay-as-you-go basis with state and county appropriations to the Employees' Retirement System's (ERS) pension accumulation fund. The ERS's actuary reports that extending the pensioners' bonus as provided in this bill would increase the ERS's unfunded liability by \$37,500,000 and annual State and county governments' appropriations to the ERS by \$3,700,000. Of the \$3,700,000, the State's share would be \$2,200,000. I believe that it is not appropriate, when fiscal and budgetary restraints need to be exercised, to permit enhancement of retirement benefits in this manner. This bill permanently raises employer pension costs and increases the retirement benefits for those retirees with ten years of service and who have been retired for at least five years over and above the existing statutory cost of living pension increases. Furthermore, this additional benefit is

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inconsistent with the Legislature's action, in Senate Bill No. 1518, to prohibit any pay increase for current employees during the fiscal biennium ending June 30, 2001.

For the foregoing reasons, I am returning House Bill No. 98 without my approval.

Respectfully,

  
BENJAMIN J. CAYETANO  
Governor of Hawaii

P R O C L A M A T I O N


WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of his plan to return with his objections any bill presented to him less than ten days before adjournment sine die or presented to him after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 98, entitled "A Bill for an Act Relating to Pensioners' Bonus," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 98 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 98 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,  
State of Hawaii, this 7th  
day of June, 1999.

  
BENJAMIN J. CAYETANO  
Governor of Hawaii