STAND. COM. REP. NO. 2862

Honolulu, Hawaii

FEB 1 4 2020

RE: S.B. No. 2870 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 2870 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYEES' RETIREMENT SYSTEM DISABILITY RETIREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify the requirements of service-connected disability retirement and accidental death benefits of the Employees' Retirement System.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and Employees' Retirement System.

Your Committee finds that courts in several cases recently rendered rulings awarding Employees' Retirement System service-connected disability retirement and/or accidental death benefits in situations beyond the legislature's original intent. These rulings have required the Employees' Retirement System to provide service-connected disability retirement and/or accidental death benefits in amounts not contemplated when the ERS determined employer contributions, employee contributions, and employee benefits (including monthly retirement allowance benefits to be provided for an extended duration and at a higher rate, plus the refund of employee contributions), and consequently, the State's unfunded liability increased more than expected.

Furthermore, your Committee finds that Employees' Retirement System members are not foreclosed from collecting other benefits such as Employees' Retirement System service retirement, ordinary disability retirement, ordinary death, workers' compensation, or social security disability.

Your Committee respectfully notes that in "the spirit of the time" there is continued commitment of being responsible for our workers. Accordingly, your Committee has amended this measure by:

- (1) Clarifying the proximate result of an accident occurring "at a definite and exact time and place", in sections 88-79 and 88-336, Hawaii Revised Statutes;
- (2) Removing proposed language for holistic non-substantive changes;
- (3) Changing the effective date to January 1, 2051, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2870, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2870, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on behalf of the members of the Committee on Labor, Culture and the Arts,

BRIAN T. TANIGUCHI, Chair

The Senate Thirtieth Legislature State of Hawai'i

Record of Votes Committee on Labor, Culture and the Arts LCA

Bill / Resolution No.:*	Committee Referral:			Date:	
SB 2870	LCA, JDC			2/04/2020	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (W	R) Nay	Excused
TANIGUCHI, Brian T. (C)		V			
IHARA, Jr., Les (VC)		V			
CHANG, Stanley		V			
GABBARD, Mike		V /			
FEVELLA, Kurt		V			
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TOTAL		5			
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original File with Committee Rep	Yellow Pink Goldenrod port Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes