
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER
CONTRIBUTIONS FOR NORMAL COST AND ACCRUED LIABILITY.

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

1 SECTION 1. Section 88-122, Hawaii Revised Statutes, is
2 amended by amending subsection (e) to read as follows:

3 "(e) Commencing with fiscal year 2005-2006 and each
4 subsequent fiscal year until fiscal year 2007-2008, the employer
5 contributions for normal cost and accrued liability for each of
6 the two groups of employees in subsection (a) shall be based on
7 fifteen and three-fourths per cent of the member's compensation
8 for police officers, firefighters, and corrections officers and
9 thirteen and three-fourths per cent of the member's compensation
10 for all other employees. Commencing with fiscal year 2008-2009
11 and each subsequent fiscal year until fiscal year 2011-2012, the
12 employer contributions for normal cost and accrued liability for
13 each of the two groups of employees in subsection (a) shall be
14 based on nineteen and seven-tenths per cent of the member's
15 compensation for police officers, firefighters, and corrections
16 officers and fifteen per cent of the member's compensation for
17 all other employees. In fiscal year 2012-2013, the employer

H.B. NO. 2277

1 contributions for normal cost and accrued liability for each of
2 the two groups of employees in subsection (a) shall be based on
3 twenty-two per cent of the member's compensation for police
4 officers, firefighters, and corrections officers and fifteen and
5 one-half per cent of the member's compensation for all other
6 employees. In fiscal year 2013-2014, the employer contributions
7 for normal cost and accrued liability for each of the two groups
8 of employees in subsection (a) shall be based on twenty-three
9 per cent of the member's compensation for police officers,
10 firefighters, and corrections officers and sixteen per cent of
11 the member's compensation for all other employees. In fiscal
12 year 2014-2015, 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-four per cent of the
15 member's compensation for police officers, firefighters, and
16 corrections officers and sixteen and one-half per cent of the
17 member's compensation for all other employees. Commencing with
18 fiscal year 2015-2016 until fiscal year 2016-2017, the employer
19 contributions for normal cost and accrued liability for each of
20 the two groups of employees in subsection (a) shall be based on
21 twenty-five per cent of the member's compensation for police
22 officers, firefighters, and corrections officers and seventeen

H.B. NO. 2277

1 per cent of the member's compensation for all other employees.
2 In fiscal year 2017-2018, the employer contributions for normal
3 cost and accrued liability for each of the two groups of
4 employees in subsection (a) shall be based on twenty-eight per
5 cent of the member's compensation for police officers,
6 firefighters, and corrections officers and eighteen per cent of
7 the member's compensation for all other employees. In fiscal
8 year 2018-2019, the employer contributions for normal cost and
9 accrued liability for each of the two groups in subsection (a)
10 shall be based on thirty-one per cent of the member's
11 compensation for police officers, firefighters, and corrections
12 officers and nineteen per cent of the member's compensation for
13 all other employees. In fiscal year 2019-2020, the employer
14 contributions for normal cost and accrued liability for each of
15 the two groups in subsection (a) shall be based on thirty-six
16 per cent of the member's compensation for police officers,
17 firefighters, and corrections officers and twenty-two per cent
18 of the member's compensation for all other employees.
19 Commencing with fiscal year 2020-2021 and each subsequent fiscal
20 year[7] until fiscal year 2025-2026, the employer contributions
21 for normal cost and accrued liability for each of the two groups
22 in subsection (a) shall be based on forty-one per cent of the

H.B. NO. 2277

1 member's compensation for police officers, firefighters, and
2 corrections officers and twenty-four per cent of the member's
3 compensation for all other employees. Commencing with fiscal
4 year 2026-2027 and each subsequent fiscal year, the employer
5 contributions for normal cost and accrued liability for each of
6 the two groups of employees in subsection (a) shall be based on
7 forty-four per cent of the member's compensation for police
8 officers, firefighters, and corrections officers and twenty-four
9 per cent of the member's compensation for all other employees.

10 The contribution rates shall amortize the total unfunded accrued
11 liability of the entire plan over a period not to exceed the
12 maximum funding period.

13 The contribution rates shall be subject to adjustment:

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

19 SECTION 2. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

H.B. NO. 2277

1 SECTION 3. This Act, upon its approval, shall take effect
2 on July 1, 2026.

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4

INTRODUCED BY: Nadine K. Mahan

5

BY REQUEST

JAN 26 2026

H.B. NO. 2277

Report Title:

ERS; Employer Contributions

Description:

Increases employer contributions for normal cost and accrued liability for a specified group of employees to ensure the unfunded accrued liability of the Employees' Retirement System of the State of Hawaii does not exceed the maximum funding period.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER CONTRIBUTIONS FOR NORMAL COST AND ACCRUED LIABILITY.

PURPOSE: To increase employer contributions for normal cost and accrued liability for a specified group of employees to ensure that the unfunded accrued liability of the Employees' Retirement System of the State of Hawaii (ERS) does not exceed the maximum funding period.

MEANS: Amend section 88-122(e), Hawaii Revised Statutes (HRS).

JUSTIFICATION: Section 88-122, HRS, outlines the employer's normal cost and accrued liability contributions that are required to be made to ERS to ensure that the plan does not exceed the maximum funding period.

The bill increases employer contributions for the group comprised of police officers, firefighters, and corrections officers. The increase is necessary due to recent higher than anticipated salary increases for the group.

Impact on the public: None.

Impact on the department and other agencies: The contribution rates are subject to adjustment to ensure the unfunded accrued liability does not exceed the maximum funding period. Increasing the employer contributions for the specified group will prevent increases for all employers.

GENERAL FUND: See above.

OTHER FUNDS: See above.

H.B. No. 2277

PPBS PROGRAM
DESIGNATION:

BUF-141/Retirement.

OTHER AFFECTED
AGENCIES:

State and county departments and agencies.

EFFECTIVE DATE:

July 1, 2026.