

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

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



BRENN A. HASHIMOTO
DIRECTOR
KA LUNA HO'OKELE

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

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA
235 S. BERETANIA STREET
HONOLULU, HAWAI'I 96813-2437

Statement of
BRENN A. HASHIMOTO
Director, Department of Human Resources Development

Before the
HOUSE COMMITTEE ON LABOR
Tuesday, February 3, 2026
9:30AM
State Capitol, Conference Room 309

In consideration of
HB1662, RELATING TO ALLOWANCE ON SERVICE RETIREMENTS

Chair Sayama, Vice Chair Lee, and the members of the committee:

The Department of Human Resources Development (HRD) **supports** the intent of HB1662, which includes certain law enforcement administrators and employees of the Department of Law Enforcement as class A members of the pension and retirement systems, and provides guidance for the computation of retirement benefits similar to police officers.

HRD finds that adding certain leadership positions as Class A members could be an effective recruitment and retention tool, given that the likely applicant pool consists of those currently enrolled in enhanced retirement plans, such as police officers and investigators. However, we find that the bill, as currently drafted, excludes certain positions in the chain of command, including chief investigator and chief special investigator.

HRD offers the attached amendments for the committee's consideration.

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

____.B. NO. _____

A BILL FOR AN ACT

RELATING TO ALLOWANCE ON SERVICE RETIREMENTS.

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

1 SECTION 1. Section 88-21, Hawaii Revised Statutes, is
2 amended as follows:

3 (1) By amending the definition of "law enforcement
4 investigations staff investigators" to read as follows:

5 "Law enforcement investigations staff investigators" means
6 those employees in the [~~investigations staff office of the~~]
7 department of law enforcement who have been conferred police
8 powers by the director of law enforcement in accordance with
9 section 353C-4 and are in the positions of investigator I to
10 VII."

11 (2) By adding five new definitions to be appropriately
12 inserted and to read as follows:

13 "Chief investigator" means a person regularly employed by
14 the department of law enforcement who has been conferred police
15 powers by the director of law enforcement in accordance with
16 section 353C-4 and is in the position of chief investigator.

17 "Chief special investigator" means a person regularly

____.B. NO.____

1 employed by the department of law enforcement who has been
2 conferred police powers by the director of law enforcement in
3 accordance with section 353C-4 and is in the position of chief
4 special investigator.

5 "Deputy director for law enforcement" means a person
6 appointed by the director of law enforcement to regularly serve
7 as a deputy director of the department of law enforcement.

8 "Director of law enforcement" means the person appointed by
9 the governor to regularly serve as director of the department of
10 law enforcement.

11 "Sheriff" means a person who serves as the administrator of
12 the sheriff division."

13 SECTION 2. Notwithstanding section 88-99, Hawaii Revised
14 Statutes, section 88-45, Hawaii Revised Statutes, is amended to
15 read as follows:

16 "After June 30, 1988, each class A and class B member shall
17 contribute seven and eight-tenths per cent of the member's
18 compensation to the annuity savings fund; provided that after
19 June 30, 1989, all firefighters, police officers, corrections
20 officers, investigators of the departments of the prosecuting
21 attorney and of the attorney general, narcotics enforcement
22 investigators, water safety officers not making the election

____.B. NO.____

1 under section 88-271, [~~and~~] law enforcement investigations staff
2 investigators, chief investigator, chief special investigator,
3 director of law enforcement, deputy directors for law
4 enforcement, and sheriff shall contribute twelve and two-tenths
5 per cent of their compensation to the annuity savings fund for
6 service in that capacity; provided further that each class A and
7 class B member who becomes a member after June 30, 2012, shall
8 contribute nine and eight-tenths per cent of the member's
9 compensation to the annuity savings fund, provided further that
10 all firefighters, police officers, corrections officers,
11 investigators of the departments of the prosecuting attorney and
12 of the attorney general, narcotics enforcement investigators,
13 [~~and~~] law enforcement investigations staff investigators, chief
14 investigator, chief special investigator, director of law
15 enforcement, deputy directors for law enforcement, and sheriff
16 who become members after June 30, 2012, shall contribute
17 fourteen and two-tenths per cent of their compensation to the
18 annuity savings fund for service in that capacity."

19 SECTION 3. Notwithstanding section 88-99, Hawaii Revised
20 Statutes, section 88-47, Hawaii Revised Statutes, is amended by
21 amending subsection (a) to read as follows:

22 "(a) There shall be four classes of members in the system

____.B. NO.____

1 to be known as class A, class B, class C, and class H, defined
2 as follows:

3 (1) Class A shall consist of:

4 (A) Judges, elected officials, and legislative
5 officers;

6 (B) Investigators of the department of the attorney
7 general, narcotics enforcement investigators,
8 water safety officers not making the election
9 under section 88-271, and law enforcement
10 investigations staff investigators;

11 (C) Those members in service [~~prior to~~] before July
12 1, 1984, including those who are on approved
13 leave of absence, not making the election to
14 become a class C member as provided in part VII
15 or to become a class H member as provided in part
16 VIII;

17 (D) The following members in service [~~prior to~~]
18 before July 1, 2006, including those who are on
19 approved leave of absence, not making the
20 election to become a class H member as provided
21 in part VIII:

22 (i) Members whose salaries are set forth in

____.B. NO.____

1 sections 26-52 and 26-53 and their county
2 counterparts, managing directors or an
3 administrative assistant to the mayor, other
4 county department heads, and agency heads
5 appointed and subject to removal by the
6 mayor;

7 (ii) First deputies appointed by the county
8 attorney and prosecuting attorney;

9 (iii) The county clerk and deputy county clerk of
10 each county;

11 (iv) The directors of the offices of council
12 services of the county of Maui and the city
13 and county of Honolulu;

14 (v) The administrative director of the courts;

15 (vi) The deputy administrative director of the
16 courts;

17 (vii) The executive officer of the labor and
18 industrial relations appeals board; and

19 (viii) The executive officer of the Hawaii labor
20 relations board;

21 (E) All former class A retirants who return to
22 employment after June 30, 1984, requiring the

____.B. NO.____

1 retirant's active membership; [~~and~~]

2 (F) All former class B retirants who return to
3 employment requiring the retirant's active
4 membership, except for:

5 (i) Former retirants who return in the positions
6 of police officer or firefighter;

7 (ii) Former retirants who were members on July 1,
8 1957, who elected not to be covered by the
9 Social Security Act; and

10 (iii) Former retirants who were in positions to
11 which coverage under Title II of the Social
12 Security Act was not extended who entered
13 membership after June 30, 1957, but before
14 January 1, 2004; and

15 (G) The following members of the department of law
16 enforcement, effective -----:

17 (i) The chief investigator;

18 (ii) The chief special investigator;

19 (iii) The director of law enforcement;

20 (iv) The deputy directors for law enforcement;

21 and

22 (v) The sheriff;

____.B. NO.____

(2) Class B shall consist of:

(A) Police officers and firefighters, including former retirants who return to service in such capacity;

(B) All employees, including former retirants, who were members on July 1, 1957, who elected not to be covered by the Social Security Act; and

(C) All employees, including former retirants, in positions to which coverage under Title II of the Social Security Act is not extended, who enter membership after June 30, 1957, but before January 1, 2004, not making the election to become a class H member as provided in part VIII;

(3) Except for members described in paragraphs (1) and (2), class C shall consist of all employees, not making the election to become a class H member as provided in part VIII, who:

(A) First enter service after June 30, 1984, but before July 1, 2006;

(B) Reenter service after June 30, 1984, but before July 1, 2006, without vested benefit status as provided in section 88-96(b);

____.B. NO.____

- 1 (C) Make the election to become a class C member as
2 provided in part VII; or
3 (D) Are former class C retirants who return to service
4 requiring the retirant's active membership; and
5 (4) Except for members described in paragraphs (1) and
6 (2), class H shall consist of all employees who:
7 (A) First enter service after June 30, 2006;
8 (B) Reenter service after June 30, 2006, without
9 vested benefit status as provided in section 88-
10 96(b);
11 (C) Make the election to become a class H member as
12 provided in part VIII; or
13 (D) Are former class H retirants who return to
14 service requiring the retirant's active
15 membership."

16 SECTION 4. Notwithstanding section 88-99, Hawaii Revised
17 Statutes, section 88-74, Hawaii Revised Statutes, is amended as
18 follows:

- 19 (1) By amending subsection (b) to read as follows:
20 "(b) If a member, who became a member before July 1, 2012,
21 has attained age fifty-five, the member's maximum retirement
22 allowance shall be two per cent of the member's average final

____.B. NO.____

1 compensation multiplied by the total number of years of the
2 member's credited service as a class A and class B member,
3 excluding any credited service as a judge, elective officer, or
4 legislative officer, plus a retirement allowance of one and one-
5 fourth per cent of the member's average final compensation
6 multiplied by the total number of years of prior credited
7 service as a class C member, plus a retirement allowance of two
8 per cent of the member's average final compensation multiplied
9 by the total number of years of prior credited service as a
10 class H member; provided that:

11 (1) After June 30, 1968, if the member has at least ten
12 years of credited service of which the last five or
13 more years [~~prior to~~] before retirement is credited
14 service as a firefighter, police officer, or an
15 investigator of the department of the prosecuting
16 attorney;

17 (2) After June 30, 1977, if the member has at least ten
18 years of credited service of which the last five or
19 more years [~~prior to~~] before retirement is credited
20 service as a corrections officer;

21 (3) After June 16, 1981, if the member has at least ten
22 years of credited service of which the last five or

____.B. NO.____

1 more years [~~prior to~~] before retirement is credited
2 service as an investigator of the department of the
3 attorney general;

4 (4) After June 30, 1989, if the member has at least ten
5 years of credited service of which the last five or
6 more years [~~prior to~~] before retirement is credited
7 service as a narcotics enforcement investigator;

8 (5) After December 31, 1993, if the member has at least
9 ten years of credited service of which the last five
10 or more years [~~prior to~~] before retirement is credited
11 service as a water safety officer;

12 (6) After June 30, 1994, if the member has at least ten
13 years of credited service, of which the last five or
14 more years [~~prior to~~] before retirement are credited
15 service as a law enforcement investigations staff
16 investigator;

17 (7) After -----, if the member has at least ten years
18 of credited service, of which the last five or more
19 years before retirement are credited service as a
20 chief investigator, chief special investigator,
21 director of law enforcement, deputy director for law
22 enforcement, or sheriff;

____.B. NO.____

1 ~~[(7)]~~ (8) After June 30, 2002, if the member:

2 (A) Has at least 10 years of credited service as a
3 firefighter;

4 (B) Is deemed permanently medically disqualified due
5 to a service related disability to be a
6 firefighter by the employer's physician; and

7 (C) Continues employment in a class A or B position
8 other than a firefighter; and

9 ~~[(8)]~~ (9) After June 30, 2004, if the member:

10 (A) Has at least ten years of credited service as a
11 police officer;

12 (B) Is deemed permanently medically disqualified due
13 to a service related disability to be a police
14 officer by the employer's physician; and

15 (C) Continues employment in a class A or B position
16 other than a police officer;

17 then for each year of service as a firefighter, police
18 officer, corrections officer, investigator of the
19 department of the prosecuting attorney, investigator of the
20 department of the attorney general, narcotics enforcement
21 investigator, water safety officer, ~~[ex]~~ law enforcement
22 investigations staff investigator, chief investigator,

____.B. NO.____

1 chief special investigator, director of law enforcement,
2 deputy director for law enforcement, or sheriff, the
3 retirement allowance shall be two and one-half per cent of
4 the member's average final compensation. The maximum
5 retirement allowance for those members shall not exceed
6 eighty per cent of the member's average final compensation.
7 If the member has not attained age fifty-five, the member's
8 retirement allowance shall be computed as though the member
9 had attained age fifty-five, reduced for age as provided in
10 subsection (e)."

11 (2) By amending subsections (e) and (f) to read as
12 follows:

13 "(e) Except as provided in subsections (b), (c), and (d),
14 if a member, who became a member before July 1, 2012, has not
15 attained age fifty-five at the date of retirement, the member's
16 retirement allowance shall be reduced, for each month the
17 member's age at the date of retirement is below age fifty-five,
18 as follows:

- 19 (1) 0.4166 per cent for each month below age fifty-five
20 and above age forty-nine and eleven months; plus
21 (2) 0.3333 per cent for each month below age fifty and
22 above age forty-four and eleven months; plus

____.B. NO.____

1 (3) 0.2500 per cent for each month below age forty-five
2 and above age thirty-nine and eleven months; plus
3 (4) 0.1666 per cent for each month below age forty;
4 provided that no reduction shall be made if the member has at
5 least twenty-five years of credited service as a firefighter,
6 police officer, corrections officer, investigator of the
7 department of the prosecuting attorney, investigator of the
8 department of the attorney general, narcotics enforcement
9 investigator, law enforcement investigations staff investigator,
10 chief investigator, chief special investigator, director of law
11 enforcement, deputy director for law enforcement, the sheriff,
12 sewer worker, or water safety officer, of which the last five or
13 more years prior to retirement is credited service in these
14 capacities.

15 (f) If a member, who becomes a member after June 30, 2012,
16 has attained age sixty, the member's maximum retirement
17 allowance shall be one and three-fourths per cent of the
18 member's average final compensation multiplied by the total
19 number of years of the member's credited service as a class A
20 and class B member, excluding any credited service as a judge,
21 elective officer, or legislative officer, plus a retirement
22 allowance of one and one-fourth per cent of the member's average

____.B. NO.____

1 final compensation multiplied by the total number of years of
2 prior credited service as a class C member, plus a retirement
3 allowance of one and three-fourths per cent of the member's
4 average final compensation multiplied by the total number of
5 years of prior credited service as a class H member; provided
6 that:

7 (1) If the member has at least ten years of credited
8 service of which the last five or more years [~~prior~~
9 ~~to~~] before retirement is credited service as a
10 firefighter, police officer, or an investigator of the
11 department of the prosecuting attorney;

12 (2) If the member has at least ten years of credited
13 service of which the last five or more years [~~prior~~
14 ~~to~~] before retirement is credited service as a
15 corrections officer;

16 (3) If the member has at least ten years of credited
17 service of which the last five or more years [~~prior~~
18 ~~to~~] before retirement is credited service as an
19 investigator of the department of the attorney
20 general;

21 (4) If the member has at least ten years of credited
22 service of which the last five or more years [~~prior~~

____.B. NO.____

~~to~~] before retirement is credited service as a
narcotics enforcement investigator;

(5) If the member has at least ten years of credited
service, of which the last five or more years [~~prior~~
~~to~~] before retirement is credited service as a law
enforcement investigations staff investigator;

(6) After -----, if the member has at least ten years
of credited service, of which the last five or more
years before retirement is credited service as a chief
investigator, chief special investigator, director of
law enforcement, deputy director for law enforcement,
or sheriff;

~~[(6)]~~ (7) If the member:

(A) Has at least ten years of credited service as a
firefighter;

(B) Is deemed permanently medically disqualified due
to a service related disability to be a
firefighter by the employer's physician; and

(C) Continues employment in a class A or class B
position other than a firefighter; and

~~[(7)]~~ (8) If the member:

(A) Has at least ten years of credited service as a

____.B. NO.____

1 police officer;

2 (B) Is deemed permanently medically disqualified due
3 to a service related disability to be a police
4 officer by the employer's physician; and

5 (C) Continues employment in a class A or class B
6 position other than a police officer,

7 then for each year of service as a firefighter, police officer,
8 corrections officer, investigator of the department of the
9 prosecuting attorney, investigator of the department of the
10 attorney general, narcotics enforcement investigator, ~~or~~ law
11 enforcement investigations staff investigator, chief
12 investigator, chief special investigator, director of law
13 enforcement, deputy director for law enforcement, or sheriff,
14 the retirement allowance shall be two and one-fourth per cent of
15 the member's average final compensation. The maximum retirement
16 allowance for those members shall not exceed eighty per cent of
17 the member's average final compensation. If the member has not
18 attained age sixty, the member's retirement allowance shall be
19 computed as though the member had attained age sixty, reduced
20 for age as provided in subsection (i)."

21 (3) By amending subsection (i) to read as follows:

22 "(i) Except as provided in subsections (f), (g), and (h),

____.B. NO.____

1 if a member, who becomes a member after June 30, 2012, has not
2 attained age sixty at the date of retirement, the member's
3 retirement allowance shall be reduced, for each month the
4 member's age at the date of retirement is below age sixty, as
5 follows:

6 (1) 0.4166 per cent for each month below age sixty and
7 above age fifty-four and eleven months; plus

8 (2) 0.3333 per cent for each month below age fifty-five
9 and above age forty-nine and eleven months; plus

10 (3) 0.2500 per cent for each month below age fifty and
11 above age forty-four and eleven months; plus

12 (4) 0.1666 per cent for each month below age forty-five;

13 provided that no reduction shall be made if the member has
14 attained the age of fifty-five and has at least twenty-five
15 years of credited service as a firefighter, police officer,
16 corrections officer, investigator of the department of the
17 prosecuting attorney, investigator of the department of the
18 attorney general, narcotics enforcement investigator, law
19 enforcement investigations staff investigator, chief
20 investigator, chief special investigator, director of law
21 enforcement, deputy director for law enforcement, sheriff, sewer
22 worker, water safety officer, or emergency medical technician,

____.B. NO.____

1 of which the last five or more years prior to retirement is
2 credited service in these capacities."

3 SECTION 5. Section 88-122, Hawaii Revised Statutes is
4 amended by amending subsection (a) to read as follows:

5 "(a) Based on regular interest and such mortality and
6 other tables as are adopted by the board of trustees, the
7 actuary engaged by the board, on the basis of successive annual
8 actuarial valuations, shall determine the employer's normal cost
9 and accrued liability contributions for each fiscal year
10 beginning July 1 separately for the following two groups of
11 employees:

12 (1) Police officers, firefighters, ~~and~~ corrections
13 officers, chief investigator, chief special
14 investigator, director of law enforcement, deputy
15 director for law enforcement, and sheriff; and

16 (2) All other employees."

17 SECTION 6. This Act does not affect the rights and duties
18 that matured or were vested, penalties that were incurred, and
19 proceedings that were begun before its effective date, including
20 but not limited to any membership that was terminated, credited
21 service that was forfeited, retirement that was finalized, or
22 benefits that were paid.

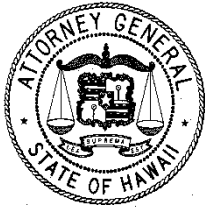
3 SECTION 8. This Act shall take effect on -----.

5

INTRODUCED BY: _____

BY REQUEST

____.B. NO.____



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

H.B. NO. 1662, RELATING TO ALLOWANCE ON SERVICE RETIREMENTS.

BEFORE THE:

HOUSE COMMITTEE ON LABOR

DATE: Tuesday, February 3, 2026 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 309

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

Chair Sayama and Members of the Committee:

The Department of the Attorney General provides the following comments.

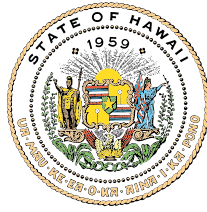
The purpose of this bill is to include certain law enforcement administrators and employees of the Department of Law Enforcement as class A members of the pension and retirement systems and to provide guidance for the computation of retirement benefits similar to police officers.

Often referred to as the "subject-title" requirement, section 14 of article III of the Hawai'i State Constitution provides that, "[e]ach law shall embrace but one subject, which shall be expressed in its title." Although the bill's title, "Relating to Allowance on Service Retirements," appropriately embraces a single subject, there is an apparent subject-title issue because the scope of the bill's subject matter exceeds the scope of the subject expressed in its title. In addition to amending the manner in which allowances on service retirements are calculated for certain law enforcement administrators and employees of the Department of Law Enforcement, the bill reclassifies such employees as class A members, amends the amount of their respective employee contributions, and amends the amount of their employer's contribution. This bill is subject to challenge as being in violation of section 14 of article III of the State Constitution and we therefore respectfully ask that it be deferred.

Thank you for the opportunity to provide these comments.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



KALBERT K. YOUNG
EXECUTIVE DIRECTOR

GAIL STROHL
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM**

**TESTIMONY BY KALBERT YOUNG
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR
ON
HOUSE BILL NO. 1662**

February 3, 2026

9:30 AM

Conference Room 309 and VIA Videoconference

HB 1662 - RELATING TO ALLOWANCE ON SERVICE RETIREMENTS.

Chair Sayama, Vice Chair Lee, and Members of the Committee,

While the Board of Trustees (BOT) has not had a chance to review the bill, the Employees' Retirement System (ERS) appreciates the intent of HB 1662 and is thankful for the opportunity to offer comments regarding this measure.

HB1662 proposes to amend chapter 88, Hawaii Revised Statutes (HRS) effective July 1, 2026, by: (1) adding two definitions for "Sheriff" and "Sheriff division investigator"; (2) reclassifying the director of Law Enforcement, deputy directors of the Department of Law Enforcement (DLE), the sheriff, and sheriff division investigators (hereafter "DLE staff") from the general membership group to being mandatory class A members in the ERS effective July 1, 2026; (3) authorizing an enhanced retirement allowance for DLE staff subject to meeting the required years of credited service; (4) waiving the early retirement age penalty for DLE staff subject to minimum age and service qualifications; and (5) incorporating DLE staff in the group of employees including police officers, firefighters and corrections officers in determining the employer's normal cost and accrued liability contributions.



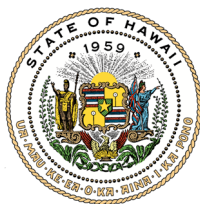
Employees' Retirement System
of the State of Hawaii

City Financial Tower • 201 Merchant Street, Suite 1400 • Honolulu, Hawaii 96813-2980
Telephone (808) 586-1735 • Fax (808) 586-1677 • <http://ers.ehawaii.gov>

Should this bill progress, there are some additional considerations to keep in mind. As the above components of the bill are critically important to adequately fund the increase in benefits to the reclassified positions, appropriately administer the benefits for the reclassified DLE staff, as well as keep parity with other similarly classified members, ERS would respectfully recommend that they be kept as part of the measure. We also urge awareness that the impact of reclassifying these (or any other positions) as Class A members would require the employee and employer to pay a different (higher) rate for pension accumulation per Hawaii Revised Statutes in addition to any other required deductions, including FICA and income taxes.

Thank you for the opportunity to provide comments on HB 1662.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



MIKE LAMBERT
Director

ERNEST J. ROBELLO
Deputy Director
Administration

SYLVIA LUKE
LT GOVERNOR
KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LAW ENFORCEMENT
Ka 'Oihana Ho'okō Kānāwai
715 South King Street
Honolulu, Hawaii 96813

JARED K. REDULLA
Deputy Director
Law Enforcement

TESTIMONY ON HOUSE BILL 1662
RELATING TO ALLOWANCE ON SERVICE RETIREMENTS
Before the House Committee on
LABOR
Tuesday, February 3, 2026, 9:30AM
State Capitol Conference Room 309 & Videoconference
Testifier: Ernest Robello

Chair Sayama, Vice Chair Lee, and members of the Committee:

The Department of Law Enforcement (DLE) supports House Bill 1662. This bill seeks to include certain law enforcement administrators and employees of the Department of Law Enforcement as class A members of the pension and retirement systems and provides guidance for the computation of retirement benefits similar to those of police officers.

The Department supports this measure as a necessary clarification that promotes continuity of operations, effective succession planning, and consistent administration of retirement classifications for statewide law enforcement leadership.

Purpose and Context

The Employees' Retirement System of the State of Hawai'i provides enhanced retirement benefits for certain public safety employees in recognition of the heightened risks, physical demands, and career limitations inherent in law enforcement service. Many law enforcement professionals earn enhanced Class A or B retirement

classification through years of qualifying service in county police departments or already legislated state law enforcement designations.

In some cases, those same individuals later continue public service by accepting statewide law enforcement leadership roles filled through gubernatorial appointment. These positions involve statewide enforcement authority, operational command, oversight of sworn personnel, and decision-making responsibilities that directly affect public safety and officer safety.

HB1662 supports the continued effective functioning of statewide law enforcement by clarifying how enhanced retirement classification applies when an individual who has already earned that status through qualifying county police service continues law enforcement service at the State level in a leadership capacity.

Continuity of Operations and Succession Planning

From a public safety and operational perspective, retirement certainly is an important component of leadership succession planning. The Governor's ability to appoint the most qualified law enforcement professionals to statewide leadership positions is strengthened when those individuals are not required to face uncertainty regarding retirement treatment they have already earned through prior qualifying service.

Without clarity, experienced law enforcement leaders may be discouraged from accepting statewide appointments, thereby affecting continuity of operations, institutional knowledge, and operational readiness. HB1662 directly supports continuity of government by reducing this uncertainty and ensuring the State can retain and deploy experienced law enforcement leadership when and where needed.

Consistency with Existing Law and Practice

HB1662 does not create new retirement benefits, expand eligibility, or alter benefit formulas. Rather, it supports the continuation of an already-earned retirement

classification for individuals who continue to perform qualifying law enforcement duties and remain subject to the applicable contribution requirements.

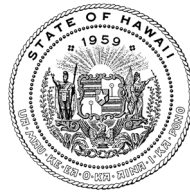
Hawai'i law already recognizes enhanced Class A or B retirement eligibility for certain state-employed law enforcement positions, reflecting a longstanding legislative understanding that enhanced retirement treatment is tied to the nature of law enforcement service rather than solely to the employing agency. Attorney General Opinion No. 90-02 further supports a functional approach to retirement classification that focuses on the character of the duties performed.

HB1662 is consistent with these principles and is carefully structured to avoid any unintended expansion of enhanced retirement eligibility.

Conclusion

HB1662 represents a measured and responsible legislative solution to a narrow but operationally important issue. By clarifying the continuity of retirement classification for qualifying law enforcement leadership service, the bill supports effective succession planning, uninterrupted statewide law enforcement operations, and the consistent application of retirement law, while preserving the integrity of the Employees' Retirement System.

For these reasons, the Department of Law Enforcement supports HB1662 and respectfully urges its passage.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

SETH S. COLBY, Ph.D.
ACTING 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
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY SETH S. COLBY, Ph.D.
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR
ON
HOUSE BILL NO. 1662

February 3, 2026
9:30 a.m.
Room 309 and Videoconference

RELATING TO ALLOWANCE ON SERVICE RETIREMENTS

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

House Bill No. 1662 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 computation and contribution rate to be similar to those of police officers.

B&F has concerns that this measure will enhance benefits contrary to Section 88-99, HRS, that 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 21 years from now. Additionally, the measure may impact the State's unfunded actuarial accrued liabilities (UAAL) for pension accumulation and other post-employment benefits for these employees.

Further, although this measure increases the contribution rate to 12.2% or 14.2% for the affected DLE positions, based on the membership date of the member, to match police officer contributions, 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 12.2% or 14.2% of their compensation like police officers and firefighters, their Federal Insurance Contributions Act (7.65%) and retirement contributions would amount to 19.85% or 21.85% of their compensation.

Thank you for your consideration of our comments.