

JOSH GREEN, M.D.
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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, Hawai'i 96813

JARED K. REDULLA
Deputy Director
Law Enforcement

February 10, 2026

The Honorable Brandon Elefante, Chair
Committee on Labor and Technology
State Senate
State Capitol, Room 217
Honolulu, Hawai'i 96813

Dear Chair Elefante:

Subject: Senate Bill (SB) 2672 Relating to Retirants

I am Sheldon K. Hao, Chair of the State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department. The SFC supports SB 2672, which establishes a five-year pilot program allowing retirants to be rehired for exempt service for one-year terms under certain circumstances; provides that retirants employed under the program are excluded from the Hawai'i Employer-Union Health Benefits Trust Fund and will not experience an interruption of pension benefits; and requires an employer of a retirant under the program to contribute to the Employees' Retirement System. The SFC recommends the following amendment:

(40) The state fire marshal, ~~and~~ *the* deputy state fire marshal, *and other key personnel or staff* in the office of the state fire marshal;

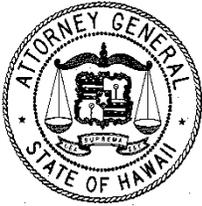
The SFC believes passage of SB 2672 with the recommended amendment will allow the Office of the State Fire Marshal an accelerated pathway to filling positions with experienced and skilled staff.

The SFC urges your committee's support of the passage of SB 2672.

Should you have questions, please contact SFC Administrative Specialist Gary Lum at 723-7169 or glum@honolulu.gov.

Sincerely,

SHELDON K. HAO
Chair



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

ON THE FOLLOWING MEASURE:
S.B. NO. 2672, RELATING TO RETIRANTS.

BEFORE THE:
SENATE COMMITTEE ON LABOR AND TECHNOLOGY

DATE: Wednesday, February 11, 2026 **TIME:** 3:00 p.m.

LOCATION: State Capitol, Room 225

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Diana Sumarna, Deputy Attorney General, or
Fiamma M. Rago, Deputy Attorney General

Chair Elefante and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments on this bill.

This bill establishes a statewide five-year pilot program, allowing retirants to be rehired as exempt civil service employees into Governor- or Mayor-certified hard-to-staff positions. This bill additionally provides that the reemployed retirants are excluded from the Hawai'i Employer-Union Health Benefits Trust Fund, though without interruption to their pension benefits, while requiring the public employers to contribute to the Employees' Retirement System.

However, this bill, as written, could violate collective bargaining law under chapter 89, Hawaii Revised Statutes (HRS).

Section 4 of this bill amends section 88-9(d), HRS, to add a new paragraph (6) on page 18, line 13, to page 21, line 17, to establish the five-year pilot program. The identified "**labor shortage**" or certified "**hard-to-staff**" positions, as defined on page 21, lines 3-17, are synonymous with the "**labor shortage or difficult-to-fill**" positions, in which retirants are already being reemployed under section 88-9(d)(4), on page 17, lines 1-15. The new paragraph (6)(A), (B), and (C), on page 18, line 13, to page 19, line 16, provides in part that the "hard-to-staff" positions must be identified then annually recertified by either the Governor or a Mayor, while section 88-9(d)(4) states that "the

appropriate jurisdiction" must identify the "difficult-to-fill" positions. The new paragraph (6)(D)(i), on page 19, lines 18-20, also provides in part that a retirant reemployed must not have been employed by the State or a county during the six calendar months preceding the reemployment. By contrast, section 88-9(d)(4), requires a twelve-month non-employment period. Applying different standards to similarly situated retirants could result in inconsistent treatment. To promote fairness and consistency, we recommend revising this bill's new sections to align with the existing statutory mandates.

New section 88-9(d)(6)(F), HRS, on page 20, lines 7-9, provides that the retirants shall be included in the appropriate bargaining units under section 89-6 "for the payment of dues and grievance protections." While the Legislature has authority to amend chapter 89, the Department is concerned that this subparagraph (F) would effectively impose terms and conditions of employment that are ordinarily subject to collective bargaining agreements. Bargaining unit members are afforded the entirety of their respective collective bargaining agreements. We therefore recommend the following wording from the amendment to subparagraph (F) be deleted (shown in bold):

(F) The retirant shall be included in the appropriate bargaining unit under section 89-6 ~~for the payment of dues and grievance protections~~];

New section 88-9(d)(6)(H), HRS, on page 20, line 16, to page 21, line 2, authorizes the Superintendent, for positions in the Department of Education, to establish a salary schedule for retirants. Wages are a mandatory subject of collective bargaining and are governed by the applicable collective bargaining agreements. Thus, to the extent retirants are included in the appropriate bargaining units under chapter 89, HRS, authorizing the Superintendent to establish a separate salary schedule, "without regard to the standard collective bargaining agreement salary step placement," would conflict with chapter 89, HRS. We therefore recommend deleting new section 88-9(d)(6)(H), HRS, in its entirety.

To further clarify, we recommend that the amendments to the definition of "Employee beneficiary" in section 87A-1, HRS, on page 15, lines 15-17, include the following (shown in bold):

"Employee-beneficiary" does not include any retirant employed under section 88-9(d)(6) for the duration of the retirant's employment under that section **for employee-beneficiaries hired after June 30, 2026.**

We also recommend inserting a new section 6 on page 22, line 16, as follows:

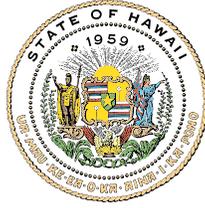
SECTION 6. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

Re-number subsequent sections as appropriate.

Thank you for considering our 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 SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON
SENATE BILL NO. 2672**

February 11, 2026

3:00 PM

Conference Room 225 and VIA Videoconference

RELATING TO RETIRANTS.

Chair Elefante, Vice Chair Lamosao, 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 SB 2672 and is thankful for the opportunity to offer comments suggesting amendments regarding this measure.

SB 2672 proposes to amend Section 88-9 of the Hawaii Revised Statutes (HRS) to allow positions identified by the Governor or Mayors as labor shortage or certified as hard-to-staff for which a term of employment exceeding eighty-nine days would be beneficial to be filled by a retiree without reenrollment into the system after a six-calendar month break.

The ERS would like to respectfully offer the following conforming amendments to the requirements in paragraph (6) starting on page 19, line 17 through page 20, line 6 to mirror paragraphs (4) and (5) to read:



Employees' Retirement System
of the State of Hawaii

- (D) The retirant was not employed by the State or a county during the twelve calendar months prior to the first day of reemployment;
- (E) No agreement was entered into between the State or a county and the retirant prior to the retirement of the retirant, for the return to work by the retirant after retirement;
- (F) Each employer shall contribute to the pension accumulation fund the required percentage of the rehired retirant's compensation to amortize the system's unfunded actuarial accrued liability;

with subsequent renumbering as appropriate.

As this bill progresses, the above components are important for the stability and sustainability of the pension system. ERS respectfully suggests the bill be amended to provide for a twelve-calendar month break along with the prohibition on post-retirement agreements to return to work. This provision would be consistent with existing statutes that currently permit the return of other ERS eligible labor shortage or difficult-to-fill positions identified by the appropriate jurisdiction. This amendment would provide for sufficient employment separation and consistent general application of the retirement statutes which are important components expected as requirements to retain the tax qualified (exempt) status under Internal Revenue Code (IRC) for the State's pension system.

On October 24, 2014, the IRS issued a favorable determination letter confirming ERS's plan terms in chapter 88, HRS, which included the currently established twelve-month break applicable to a retiree providing services in a similar capacity and function to duties prior to retirement, had met the requirements of section 401(a), IRC. Based on indications from tax counsel and the IRS, ERS believes that a more conservative break duration is prudent to be implemented for positions where retirees return in positions functionally performing the same duties and in the same capacity as those done prior to retirement.

The inclusion of a six-month break for positions not eligible for membership and a twelve-month break for positions which are eligible for membership, are meant to fulfill both the requirements for a bona fide break and prevention of an expectation for post-retirement employment to prevent an impermissible in-service distribution. The six-month break was implemented for the bona fide break period for positions not eligible for ERS employment, as the employment parameters are either part-time or temporary in nature, due to tax counsel advice to ERS that the IRS does not consider that "retirement does not include a mere reduction in the number of hours that an employee works."

We support the SB 2672 requirements for funding contributions to be required by the employer towards the pension accumulation fund to amortize the system's unfunded accrued liability which mitigates the lost contributions when these positions are filled with unenrolled retirees rather than active members or reenrolled retirees earning retirement benefits. The amount employer(s) will contribute under the proposed

approach will be less than for a conventional employee who is also a ERS member working towards a pension. There is no requirement for the employee to fund the pension accumulation expense.

Thank you for the opportunity to provide comments and suggested amendments on SB 2672.

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

TO: Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair
Committee on Labor and Technology

FROM: Richard T. Bissen, Jr., Mayor
Josiah K. Nishita, Managing Director

DATE: February 10, 2025

SUBJECT: **SUPPORT OF SB2672, RELATING TO RETIRANTS**

Thank you for the opportunity to testify in **SUPPORT** of this important measure which aims to establish a five-year pilot program allowing retirants to be rehired for exempt service for one-year terms under certain circumstances. Provides that retirants employed under the program are excluded from the Hawai'i Employer-Union Health Benefits Trust Fund and will not experience an interruption of pension benefits. Requires an employer of a retirant under the program to contribute to the Employees' Retirement System. Requires the Department of Human Resources Development to submit a report to the Legislature. Sunsets 6/30/2031.

We **SUPPORT** this measure for the following reasons:

1. Improves service delivery to the public: Rehiring experienced retirants helps prevent service disruptions and delays by keeping critical programs staffed, particularly in regulatory, technical, and public safety-adjacent roles.
2. Supports mentorship and knowledge transfer: Retirants can train and mentor newer employees, preserving institutional knowledge and strengthening long-term workforce development.
3. Responds to Hawai'i's unique labor market challenges: Hawai'i's high cost of living and limited labor pool make recruitment difficult; this bill offers a locally tailored solution that leverages existing talent.

Mahalo for your consideration.