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# A BILL FOR AN ACT

RELATING TO SEPARATION BENEFITS.

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

1           SECTION 1. The purpose of this Act is to provide  
2 separation benefits to employees of Maui regional system  
3 facilities due to the closure and transfer of these facilities  
4 and their lease to Maui Health System, a Kaiser Foundation  
5 Hospitals LLC, pursuant to Act 103, Session Laws of Hawaii 2015.  
6 Specifically, this Act recognizes the authority of the State of  
7 Hawaii, the Hawaii health systems corporation, and the exclusive  
8 representatives of affected employees to negotiate separation  
9 benefits through supplemental agreements to existing collective  
10 bargaining agreements pursuant to section 89-9, Hawaii Revised  
11 Statutes, to address the effects of separation from state  
12 employment. Further, this Act authorizes the Hawaii health  
13 systems corporation to pay separation benefits to Maui regional  
14 system employees based upon these supplemental agreements for  
15 the purposes of tempering the adverse effects on affected  
16 employees, as a result of the implementation of Act 103, Session  
17 Laws of Hawaii 2015. Finally, this Act makes an appropriation  
18 to the department of budget and finance for allocation to the

1 Hawaii health systems corporation for the costs of supplemental  
2 agreements including separation benefits.

3 SECTION 2. As used in this Act:

4 "Affected employee" means an individual who is:

5 (1) Employed by an agency or attached agency in a  
6 position subject to chapters 88 and 89;

7 (2) Separated from service on or before June 30,  
8 2017, as a result of the implementation of Act  
9 103, Session Laws of Hawaii 2015; and

10 (3) Subject to Act 103, Session Laws of Hawaii 2015.

11 "Agency" or "attached agency" means the Hawaii health  
12 systems corporation.

13 "Exclusive representative" has the same meaning as  
14 defined in section 89-2, Hawaii Revised Statutes.

15 SECTION 3. The State of Hawaii, the Hawaii health systems  
16 corporation, and the exclusive representatives of the affected  
17 employees may negotiate separation benefits for the affected  
18 employees through supplemental agreements to existing collective  
19 bargaining agreements that expire on June 30, 2017, for the  
20 purposes of tempering the adverse effects of Act 103, Session  
21 Laws of Hawaii 2015, on affected employees.

22 SECTION 4. The Hawaii health systems corporation, through  
23 its authority as the employer for Maui regional system

1 facilities, shall provide separation benefits to affected  
2 employees based upon supplemental agreements negotiated in  
3 Section 3, upon the affected employee's separation from state  
4 employment as a result of Act 103, Session Laws of Hawaii 2015.

5 SECTION 5. Notwithstanding section 88-99, Hawaii Revised  
6 Statutes, or any other provision of law to the contrary, any  
7 affected employee who chooses to receive separation benefits may  
8 purchase non-earned service credits with the employees'  
9 retirement system of the State of Hawaii pursuant to chapter 88,  
10 Hawaii Revised Statutes. An affected employee may only purchase  
11 the amount of service credit they could have earned between the  
12 transfer completion date as defined in section 323F-51, Hawaii  
13 Revised Statutes, through June 30, 2017. No purchase of service  
14 credit under this section may be made by deduction from the  
15 affected employee's compensation pursuant to section 414(h)(2)  
16 of the Internal Revenue Code of 1986, as amended, under the  
17 employer pick up plan in section 88-46, Hawaii Revised Statutes.  
18 Any purchase of service credit under this Section 5 must comply  
19 with the limitations on nonqualified service credit under  
20 section 415(n)(3)(B) of the Internal Revenue Code of 1986, as  
21 amended.

22 SECTION 6. There is appropriated from the general revenues  
23 of the State of Hawaii, \$25,000,000, or so much thereof as may

1 be necessary, for fiscal year 2016-2017 to carry out the  
2 purposes of this Act, including to provide separation benefits  
3 and related fringe costs for affected employees pursuant to  
4 negotiated supplemental agreements to current collective  
5 bargaining agreements expiring on June 30, 2017.

6 The sum appropriated by this Act shall be expended by the  
7 department of budget and finance, and allotted by the director  
8 of finance to the Hawaii health systems corporation for the  
9 purposes of this Act; provided that funds not expended or  
10 encumbered by June 30, 2017, shall lapse to the general fund.

11 SECTION 7. If any provision of this Act or the application  
12 thereof to any person or circumstance is held invalid, the  
13 invalidity shall not affect the other provisions or application  
14 of this Act that can be given effect without the invalid  
15 provision or application, and to this end the provisions of this  
16 Act are severable.

17 SECTION 8. This Act shall take effect upon its approval  
18 and shall be repealed on July 1, 2017.

**Report Title:**

Separation Benefits; Maui Region Employees; Appropriation

**Description:**

To provide authority for payment of separation benefits to affected employees of Maui regional system facilities pursuant to Act 103, SLH 2015. Makes appropriation for separation benefits and related costs in fiscal year 2016-17. (CD3)

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

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