
A BILL FOR AN ACT

RELATING TO STATE EMPLOYEES.

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

1 SECTION 1. The purpose of this Act is to address the
2 retirement provisions for a state employee. More specifically,
3 this Act provides that a state employee's "compensation" shall
4 not include overtime payments, differentials, supplementary
5 payments, bonuses, and lump sum salary supplements.

6 The legislature finds that the state government is facing a
7 budget crisis of major proportion. Consequently, the
8 legislature finds that this Act is appropriate and necessary to
9 reduce state expenditures.

10 The legislature purposely has made this Act inapplicable to
11 county employees. During the current fiscal year, the county
12 governments have not furloughed their employees and have
13 continued to contribute sixty per cent towards their employees'
14 health benefits plan costs. These actions have led the
15 legislature to believe that the county governments do not have
16 budget problems of the same severity as the State. Accordingly,
17 the legislature finds that the county governments do not need
18 the expenditure reductions resulting from this Act.



1 The amendments made by this Act take effect on July 1, 2010
2 and sunset on June 30, 2015.

3 SECTION 2. Section 88-21.5, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§88-21.5 Compensation.** (a) Unless a different meaning
6 is plainly required by context, as used in this part,
7 "compensation" means normal periodic payments of money for
8 service the right to which accrues on a regular basis in
9 proportion to the service performed; overtime, differentials,
10 and supplementary payments; bonuses and lump sum salary
11 supplements; and elective salary reduction contributions under
12 sections 125, 403(b), and 457(b) of the Internal Revenue Code of
13 1986, as amended. Bonuses and lump sum salary supplements shall
14 be deemed earned when payable; provided that bonuses or lump sum
15 salary supplements in excess of one-twelfth of compensation for
16 the twelve months prior to the month in which the bonus or lump
17 sum salary supplement is payable, exclusive of overtime,
18 bonuses, and lump sum salary supplements, shall be deemed
19 earned:

20 (1) During the period agreed-upon by the employer and
21 employee, but in any event over a period of not less
22 than twelve months; or



1 (2) In the absence of an agreement between the employer
 2 and the employee, over the twelve months prior to the
 3 date on which the bonus or lump sum salary supplement
 4 is payable.

5 (b) Notwithstanding subsection (a), from July 1, 2010
 6 through June 30, 2015, a state employee's compensation shall not
 7 include overtime payments, differentials, supplementary
 8 payments, bonuses, and lump sum salary supplements.

9 This subsection shall not apply to a county employee.

10 This subsection shall be repealed on June 30, 2015."

11 SECTION 3. This Act does not affect rights and duties that
 12 matured, penalties that were incurred, and proceedings that were
 13 begun, before its effective date.

14 SECTION 4. New statutory material is underscored.

15 SECTION 5. This Act shall take effect on July 1, 2010.

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JAN 27 2010



Report Title:

Employees' Retirement System; "Compensation" Of State Employees

Description:

Provides that, under the employees' retirement system, a state employee's "compensation" does not include overtime payments, differentials, supplementary payments, bonuses, and lump sum salary supplements. States expressly that the provision does not apply to a county employee.

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