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**A BILL FOR AN ACT**

RELATING TO SALARIES.

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

1           SECTION 1. The downturn in the United States and global  
2 economy caused by the credit crisis, mortgage and financial  
3 securities market volatility, oil price fluctuations, and  
4 resulting uncertainty has impacted Hawaii and its residents.  
5 Unemployment has risen in the State and additional declines in  
6 tourism and retail sales are anticipated.

7           The State will face a projected \$1,760,000,000 budget  
8 shortfall for the balance of fiscal year 2008-2009 and the  
9 biennium budget period if corrective action is not taken.

10           The purpose of this Act is to suspend salary increases for  
11 certain members of the executive, legislative, and judicial  
12 branches of state government in recognition of the current  
13 fiscal situation and to lead-by-example in showing the people of  
14 Hawaii that public officials are doing their share to conserve  
15 public resources.

16           SECTION 2. (a) Notwithstanding any law to the contrary,  
17 the annual salary for the governor, the lieutenant governor, the  
18 justices and judges of all state courts, the administrative

1 director of the State or an equivalent position, and the  
2 department heads or executive officers and the deputies or  
3 assistants to the department heads of the departments of:

- 4 (1) Accounting and general services;
- 5 (2) Agriculture;
- 6 (3) The attorney general;
- 7 (4) Budget and finance;
- 8 (5) Business, economic development, and tourism;
- 9 (6) Commerce and consumer affairs;
- 10 (7) Defense;
- 11 (8) Hawaiian home lands;
- 12 (9) Health;
- 13 (10) Human resources development;
- 14 (11) Human services;
- 15 (12) Labor and industrial relations;
- 16 (13) Land and natural resources;
- 17 (14) Public safety;
- 18 (15) Taxation; and
- 19 (16) Transportation

20 shall until June 30, 2011, remain the same as it was on July 1,  
21 2008.

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1 (b) Notwithstanding any law to the contrary, the annual  
2 salary of members of the legislature shall until December 31,  
3 2011, remain the same as it was on January 1, 2009.

4 (c) This section shall not be enforced to the extent that  
5 it is preempted by federal law.

6 SECTION 3. This Act shall take effect on June 30, 2009.

7  
8 INTRODUCED BY: Calvin L. Boy  
9 BY REQUEST

JAN 26 2009

**Report Title:**

Pay Increase; Commission on Salaries

**Description:**

Requests State leaders to lead-by-example during fiscally challenging times by deferring for two years salary increases recommended by the 2006 State Commission on Salaries for legislators, judges, and senior officials of the Executive Branch for fiscal years 2009-2010 and 2010-2011.

JUSTIFICATION SHEET

DEPARTMENT: Human Resources Development

TITLE: A BILL FOR AN ACT RELATING TO SALARIES.

PURPOSE: This bill suspends salary increases that take effect between June 30, 2009, and June 30, 2011, for senior members of the executive and judicial branches. This bill also suspends salary increases that take effect between December 31, 2009, and December 31, 2011, for the legislative branch.

MEANS: Enact a session law.

JUSTIFICATION: As a result of the economic crisis permeating throughout the country and the world, Hawaii residents are experiencing layoffs, furloughs, and other cutbacks.

Currently, salary increases for certain members of the executive, legislative, and judicial branches are scheduled to occur, as required by law, despite budget shortfalls confronting the State and economic hardships facing residents and taxpayers. These salary increases for the fiscal biennium 2009-2011 are estimated to cost over \$4,000,000.

The purpose of this bill is to suspend salary increases for these senior leaders in state government as a means of ensuring responsible fiscal management of the State's budget, while also considering the fairness of salary increases for government executives at a time when residents are experiencing financial hardships.

Impact on the public: Assures taxpayers that senior administrators in all branches of government recognize that because taxpayers are asked to pay their fair share despite difficult times, government leaders

are also obligated to contribute their fair share and lead-by-example in recognizing that wage increases are not appropriate in today's economic climate.

Impact on the department and other agencies:  
Suspends salary increases occurring between June 30, 2009, and December 31, 2011, for the Governor, Lieutenant Governor, Administrative Director of the State, members of the legislature, justices and judges of State courts, and all department heads and deputies.

GENERAL FUND: Cost savings of approximately \$1,700,000 for fiscal year 2009-2010 and \$2,500,000 for fiscal year 2010-2011.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: All branches of government.

EFFECTIVE DATE: June 30, 2009.