
A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYEES' VACATION.

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

1 SECTION 1. The purpose of this Act is to require a public
2 employee who leaves state government service between July 1,
3 2010 and June 30, 2015 to receive additional retirement service
4 credit, instead of cash payment, for unused vacation leave.

5 SECTION 2. Chapter 88, Hawaii Revised Statutes, is amended
6 by adding a new section to part II, subpart B, to be
7 appropriately designated and to read as follows:

8 "§88- Credit for unused vacation leave of a state
9 employee. (a) A state employee who has at least five years of
10 credited service, excluding unused sick leave, and retires from
11 or otherwise terminates service with the state government
12 between July 1, 2010 and June 30, 2015 shall receive additional
13 service credit in the retirement system for the unused vacation
14 leave held by the state employee on the date of retirement or
15 termination from service.

16 For the purpose of this section, "unused vacation leave"
17 means a state employee's unused vacation leave accumulated from



1 previous years of government employment plus unused vacation
2 leave from the current year.

3 (b) Upon a state employee's retirement or termination of
4 service pursuant to subsection (a), the state department or
5 agency that last employed the state employee shall make a
6 contribution to the system to be calculated by multiplying the
7 following:

8 (1) The dollar value of the unused vacation leave; by

9 (2) The sum of the:

10 (A) Employer's contribution percentage for normal
11 cost and accrued liability as set under section
12 88-107; and

13 (B) Employee's contribution percentage applicable to
14 the former state employee on the retirement or
15 termination date.

16 The state department or agency shall pay the contribution
17 to the system by the end of the second month following the month
18 in which the state employee retired.

19 (c) Upon receipt of the amount from a state department or
20 agency under subsection (b) for a former state employee, the
21 board shall credit the amount equivalent to the employer's
22 contribution to the pension accumulation fund and, if



1 applicable, the amount equivalent to the state employee's
2 contribution to the annuity savings fund."

3 SECTION 3. Section 78-17, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§78-17 Payment of salaries or wages upon discharge from**
6 **service.** Whenever in any case, and for whatever cause, the
7 employment of any officer, agent, employee, or other person in
8 the public service is discharged, the discharged person shall be
9 paid immediately upon the approval of the head of the department
10 in which the person was engaged whatever salary or wages that
11 are due the person. For the purpose of this section, "salary or
12 wages" does not include amounts for a state employee's unused
13 vacation leave as defined in section 88- ."

14 SECTION 4. Section 78-23, Hawaii Revised Statutes, is
15 amended by amending subsections (c) and (d) to read as follows:

16 "(c) Upon discharge, [~~an~~] a county employee shall be
17 entitled to all of the county employee's accumulated vacation
18 allowance plus the county employee's current accrued vacation
19 allowance to and including the date of discharge,
20 notwithstanding that the current accrued vacation allowance may
21 not have been recorded at the time.



1 Upon discharge, a state employee shall receive additional
2 service credit for unused vacation leave in accordance with
3 section 88- .

4 If any state or county employee dies with accumulated or
5 current accrued vacation earned but not taken, an amount equal
6 to the value of the state or county employee's pay over the
7 period of such earned vacation, and any earned and unpaid wages,
8 shall be paid to the person or persons who may have been
9 designated as the beneficiary or beneficiaries by the state or
10 county employee during the employee's lifetime in a verified
11 written statement filed with the comptroller or other disbursing
12 officer who issues warrants or checks to pay the state or county
13 employee for the employee's services as a public employee, or,
14 failing the designation, to the employee's estate.

15 (d) Whenever [an] county employee is to be discharged,
16 voluntarily or involuntarily, the county employee, at the option
17 of the appointing authority, may be discharged and paid
18 forthwith, in lieu of the county employee's vacation allowance,
19 the amount of compensation to which the county employee would be
20 entitled or which the county employee would be allowed during
21 the vacation period if the county employee were permitted to
22 take the county employee's vacation in the normal manner, and in



1 such case the county employee's position may be declared vacant
2 and may be permanently filled by a new appointee before the
3 expiration of any vacation period following the date of the
4 discharge. For [~~an~~] county employee hired after June 30, 1997,
5 who is to be discharged, voluntarily or involuntarily, the
6 amount of compensation to be paid in lieu of vacation allowance
7 under this section shall be computed using the rate of pay and
8 amount of accumulated and accrued vacation on the date the
9 county employee is discharged. Prompt notice upon such forms
10 and in such manner as may be required shall be given by the
11 county department head of any action taken under this
12 provision."

13 SECTION 5. Section 88-21, Hawaii Revised Statutes, is
14 amended by amending the definition of "accumulated
15 contributions" to read as follows:

16 ""Accumulated contributions": the sum of all the amounts
17 paid by, or deducted from the compensation of, a member and
18 credited to the member's individual account in the annuity
19 savings fund together with regular interest thereon. If
20 applicable, the term includes the portion of the contribution by
21 an employer that is credited to the member's individual account
22 in the annuity savings fund pursuant to section 88- ."



1 SECTION 6. Section 88-71, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§88-71 Credited service at retirement.** Credited service
4 at retirement on which the retirement allowance of a member
5 shall be based shall consist of the member's membership service,
6 the member's credit for unused sick leave as provided in section
7 88-63, and the member's prior service, if any, as provided in
8 this part.

9 In addition, for a member who retires from or terminates
10 service with the state government between July 1, 2010 and June
11 30, 2015, the credited service at retirement on which the
12 member's retirement allowance is based shall include the
13 member's credit for unused vacation leave as provided in section
14 88- ."

15 SECTION 7. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 8. This Act shall take effect on July 1, 2010;
18 provided that:

- 19 (1) Sections 78-17, 78-23, 88-21, and 88-71, Hawaii
20 Revised Statutes, shall be reenacted on June 30, 2015
21 in the form in which they existed on the day prior to
22 the effective date of this Act; and



H.B. NO. 2891

1 (2) Section 88- , Hawaii Revised Statutes, shall be
2 repealed on June 30, 2017.

3

INTRODUCED BY: _____

Calvin K. King

JAN 27 2010



Report Title:

Employees' Retirement System; Credit for Unused Vacation Leave

Description:

Requires a public employee who retires or terminates from state service between 07/01/2010 and 06/30/2015 to receive additional retirement service credit, instead of cash payment, for unused vacation leave. Takes effect on 07/01/2010, with some provisions sunseting on 06/30/2015 and one provision sunseting on 06/30/2017.

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

