

Honolulu, Hawaii

March 19, 2012

RE: S.B. No. 2057
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2057, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SALARIES,"

begs leave to report as follows:

The purpose of this measure is to clarify the time periods of the salary increase moratorium and other salary cuts for legislators, justices, judges, and certain Executive Branch positions that were established by Act 85, Session Laws of Hawaii 2009 (Act 85), as amended by Act 57, Session Laws of Hawaii 2011 (Act 57). Among other things, this measure:

- (1) Changes the date of the cessation of the five percent salary reduction for legislators, justices, judges, and certain Executive Branch positions to June 30, 2013;
- (2) Removes language providing for the automatic restoration of salaries for justices, judges, and certain Executive Branch positions on January 1, 2014;
- (3) Removes language specifying that additional salary recommendations, if any, made by the Commission on Salaries for justices, judges, and certain Executive Branch positions that are not disapproved by the Legislature will take effect on, or after, January 1, 2014;



- (4) Delays for one year, the salary recommendations of the 2006 Commission on Salaries for justices, judges, and certain Executive Branch positions that are effective on July 1, 2012;
- (5) Delays for six months, the salary recommendations of the 2006 Commission on Salaries for legislators that are to become effective on January 1, 2013; and
- (6) Removes language restoring the levels of vacation and sick leave for legislators, justices, judges, and certain Executive Branch positions.

The Hawaii State Bar Association testified in support of this measure. The Judiciary testified in support of the intent of this measure.

In 2009, amid a growing economic crisis, the Legislature elected to exercise its authority under article XVI, section 3.5 of the Hawaii State Constitution to reduce the salaries of salaried officers of the State by instituting a five percent salary cut and establishing a moratorium on the automatic salary increases recommended by the Commission on Salaries. Act 85 reduced the salary levels of state legislators, justices, judges, and certain Executive Branch positions, by five percent. At the time that Act 85 was passed, the Legislature believed that the economy would rebound soon, and therefore, the salary cuts were scheduled to sunset on June 30, 2011.

Unfortunately, the economy did not recover as quickly or strongly as expected, and given the economic and fiscal condition of the State, the Legislature believed that a fiscally prudent course of action should be taken. Thus, Act 57 was enacted to extend the salary cuts through December 31, 2013.

However, beginning with the Regular Legislative Session of 2007, the Commission on Salaries has been constitutionally authorized to submit salary recommendations for the Governor, Lieutenant Governor, department heads and deputies, administrative director of the State, members of the Legislature, and justices and judges of state courts every six years. The Commission is scheduled to meet in 2012 and these next salary recommendations will be considered during the Regular Session of 2013. If not disapproved by the Legislature, the salaries contained in this recommendation may possibly be in conflict with Act 57. Amending



the dates contained in Act 57 eliminates this possible conflict between the date Act 57 is scheduled to be repealed and the next recommendation of the Commission on Salaries.

While your Committee notes that S.B. No. 2057, SD1, and a similar measure already heard by your Committee, H.B. No. 1744, HD1, attempt to accomplish the same goals, your Committee finds that the language contained in H.B. No. 1744, HD1, is slightly more precise. Accordingly, your Committee has amended this measure by replacing the contents of S.B. No. 2057, SD1, with the contents of H.B. No. 1744, HD1. As amended, this measure continues to clarify the time periods of the salary increase moratorium and other cuts for legislators, justices, judges, and certain Executive Branch positions. Among other things, the amended measure:

- (1) Specifies that the five percent salary reduction for legislators, justices, judges, and certain Executive Branch positions will terminate on June 30, 2013;
- (2) Repeals language providing for the automatic restoration of salaries for justices, judges, and certain Executive Branch positions on January 1, 2014;
- (3) Repeals language specifying that additional salary recommendations, if any, made by the Commission on Salaries for justices, judges, and certain Executive Branch positions will take effect on or after January 1, 2014, if not disapproved by the Legislature;
- (4) Repeals language providing for the automatic restoration of legislative salaries scheduled to take effect on January 1, 2014;
- (5) Repeals language restoring the levels of vacation and sick leave for all positions affected by the salary reductions;
- (6) Specifies that on July 1, 2013, and thereafter, all salaries reduced by Act 85, as amended by Act 57, as amended by this measure, will revert to the rates recommended by the Commission on Salaries in the recommendation dated March 14, 2007, unless modified by the adoption of recommendations from the 2012 convening of the Commission on Salaries; and



- (7) Provides for the repeal of Act 85, as amended by Act 57, on June 30, 2013, subject to the requirements of this measure that the repeal of that Act shall not be construed to restore or reinstate any leaves of absence, salary reduction, or other compensation reduced by Act 85 or Act 57.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2057, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2057, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HECR 1093-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2057 SDI	Committee Referral: LAB, FIN	Date: 3-13-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia				/
8. OKAMURA, Tom				
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.				/
11. TAKUMI, Roy M.				/
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling	/			
TOTAL (13)	9	-	-	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature:				
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