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## A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

1           SECTION 1. The legislature recognizes that the timing  
2 between the receipt of the bill for additional pension benefit  
3 contributions due to non-base pay increases and the remittance  
4 schedule given to public employers who must pay the costs  
5 associated with their employees who have substantial non-base  
6 pay increases is presenting a significant budgeting challenge  
7 for these public employers. Accordingly, the legislature  
8 believes that amending the law to enable these costs to be made  
9 known to the public employers well in advance of their budgeting  
10 cycles will assist them in planning ahead for these costs.

11           SECTION 2. Section 88-100, Hawaii Revised Statutes, is  
12 amended by amending subsection (e) to read as follows:

13           "(e) The additional contributions required by this section  
14 shall be billed to the employer by January 1 of the fiscal year  
15 following the fiscal year in which the employee or former  
16 employee retired, and shall be payable in a lump sum in the  
17 second fiscal year following the fiscal year in which the  
18 employee or former employee retired; provided that, if the



1 additional contributions required for the employees or former  
 2 employees who retire in a fiscal year are greater than ten per  
 3 cent of the employer's contributions (excluding the additional  
 4 contributions) to the pension accumulation fund for that fiscal  
 5 year, the employer may pay the additional contributions over a  
 6 period of three fiscal years in installments equal to no less  
 7 than one-third of the original amount of the required additional  
 8 contributions, plus interest on the unpaid balance, commencing  
 9 on the first day of the second fiscal year following the  
 10 retirement of the employees or former employees, at an annual  
 11 rate equal to the investment yield rate assumption for actuarial  
 12 valuations of the system."

13 SECTION 3. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on June 30, 2013.

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INTRODUCED BY:



**By Request**

JAN 23 2013



# H.B. NO. 1182

**Report Title:**

Employees' Retirement System; Payment by Employers of Costs  
Associated with Significant Non-base Pay Increases

**Description:**

Specifies the date by which an employer shall be billed for  
costs associated with significant non-base pay increases.  
Delays payment by 1 year.

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