

A Bill for an Act Relating to State Funds.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that the global respiratory disease pandemic named “coronavirus disease 2019”, or COVID-19, has deeply impacted Hawaii’s health and economy. The COVID-19 pandemic has resulted in a statewide stay-at-home order, a mandatory fourteen-day quarantine for travelers, and the closing of all nonessential businesses. In April 2020, Hawaii’s unemployment rate increased to an unprecedented thirty-five per cent with businesses reportedly reducing their workforces by about two hundred twenty thousand workers during the COVID-19 economic shutdown. Nearly a third of these businesses also reported that their revenue has been reduced to essentially zero during the shutdown.

In expectation of an economic downturn, the State Council on Revenues lowered its fiscal year 2021 forecast from four per cent to zero per cent, meaning that the State will have about \$225,000,000 less in revenues than expected.

As constitutionally required, the state commission on salaries convened and reported to the legislature in 2019 the recommended increased salary adjustments for officers of the executive and judicial branches of state government for the following six years and members of the legislature for four years. The legislature did not disapprove the commission’s recommendation by adoption of a concurrent resolution in 2019.

Implementation of the commission’s salary recommendations began for the executive and judicial branches on July 1, 2019, with the second of six planned raises for the executive and judicial branches scheduled for July 1, 2020. The first recommended raise for members of the legislature is scheduled for January 1, 2021.

Due to the unprecedented economic downturn resulting from the COVID-19 pandemic, the legislature believes that continued implementation of the commission’s recommendations for the executive and judicial branches, and planned adjustments for the legislature, is irresponsible at this time and should be deferred.

The purpose of this Act is to defer the implementation of the commission on salaries recommendations until July 1, 2021.

SECTION 2. (a) Notwithstanding any law to the contrary and notwithstanding the legislature not disapproving the commission on salaries’ recommendation for salary increases by adoption of a concurrent resolution in 2019, beginning on July 1, 2020, and continuing through June 30, 2021, the annual salaries of the governor, lieutenant governor, justices and judges of all state courts, administrative director of the State or an equivalent position, and department heads or executive officers and the deputies or assistants to the department heads or executive officers of the departments of:

- (1) Accounting and general services;
- (2) Agriculture;
- (3) The attorney general;
- (4) Budget and finance;
- (5) Business, economic development, and tourism;
- (6) Commerce and consumer affairs;
- (7) Defense;
- (8) Hawaiian home lands;

- (9) Health;
- (10) Human resources development;
- (11) Human services;
- (12) Labor and industrial relations;
- (13) Land and natural resources;
- (14) Public safety;
- (15) Taxation; and
- (16) Transportation,

shall remain at the salary rate as of June 30, 2020; provided that on July 1, 2021, the salaries of these positions shall be adjusted pursuant to the salary recommendations of the commission on salaries to the level they would have been on July 1, 2021, without the delay under this Act; provided further that the salary recommendations of the commission on salaries for these positions effective July 1, 2022, and each year thereafter through July 1, 2024, shall become effective on that date in accordance with the recommendations.

(b) Notwithstanding any law to the contrary and notwithstanding the legislature not disapproving the commission on salaries' recommendation for salary increases by adoption of a concurrent resolution in 2019, beginning on January 1, 2021, and continuing through June 30, 2021, the annual salaries of members of the legislature shall remain at the salary rate as of June 30, 2020; provided that on July 1, 2021, the salaries of the legislators shall be adjusted pursuant to the salary recommendations of the commission on salaries to the level they would have been on January 1, 2021, without the delay under this Act; provided further that the salary recommendations of the commission on salaries for legislators effective January 1, 2022, and each year thereafter through January 1, 2024, shall become effective on that date in accordance with the recommendations.

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

**SECTION 3.** This Act shall take effect upon its approval.

(Approved July 6, 2020.)