A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

SECTION 1. The legislature finds that events, including the coronavirus disease 2019 (COVID-19) pandemic that began in 2019, can have long-lasting financial and fiscal impacts on the State. With decreased tax revenues and economic activity, furloughs or mandatory pay reductions may be deemed necessary. Accordingly, the purpose of this Act is to ensure that furloughs and pay reductions do not affect the base pay utilized in the calculation of retirement benefits for eligible employees.

SECTION 2. Section 88-21, Hawaii Revised Statutes, is amended by amending the definition of "base pay" to read as follows:

"Base pay" means the normal periodic payments of money for service, the right to which accrues on a regular basis in proportion to the service performed, unreduced by any furloughs or mandatory pay reduction; recurring differentials; and elective salary reduction contributions under sections 125,
403(b), and 457(b) of the Internal Revenue Code of 1986, as amended.

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2021.

INTRODUCED BY:

JAN 25 2021
Report Title:
Employees' Retirement System; Average Final Compensation; Base Pay; Furloughs; Pay Reduction

Description:
Adjusts the method of determining average final compensation by specifying that base pay shall not be reduced by furloughs or pay reductions.

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