

Honolulu, Hawaii

Jan 30, 2012 .

RE: H.B. No. 1744

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 H.B. No. 1744 entitled:

"A BILL FOR AN ACT RELATING TO COMPENSATION,"

begs leave to report as follows:

The purpose of this measure is to clarify the time periods of the salary increase moratorium and other cuts for legislators, justices, judges, and certain Executive Branch positions that were established by Act 85, Session Laws of Hawaii 2009, as amended by Act 57, Session Laws of Hawaii 2011. 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) Removes language providing for the automatic restoration of legislative salaries scheduled to take effect on January 1, 2014; and
- (5) Removes language restoring the levels of vacation and sick leave for legislators, justices, judges, and certain Executive Branch positions.

The Department of Human Resources Development and Judiciary testified in support 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, Session Laws of Hawaii 2009 (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 prudent course of action should be taken. Thus, Act 57, Session Laws of Hawaii 2011 (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's next salary recommendation 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.



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 H.B. No. 1744 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

*Karl Rhoads*

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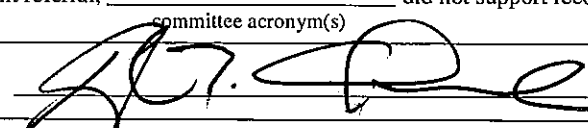
KARL RHOADS, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSCR 9

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: <b>HD 1744</b>	Committee Referral: <b>LAB FIN</b>	Date: <b>1-24-2012</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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	/			
<b>TOTAL (13)</b>	<b>13</b>	—	—	—
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: 				
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