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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 finds that events, including  
2 the coronavirus disease 2019 (COVID-19) pandemic that began in  
3 2019, can have long-lasting financial and fiscal impacts on the  
4 State. With decreased tax revenues and economic activity,  
5 furloughs or mandatory pay reductions may be deemed necessary.

6           Accordingly, the purpose of this Act is to ensure that  
7 furloughs and pay reductions do not affect the base pay utilized  
8 in the calculation of retirement benefits for eligible  
9 employees.

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

13          ""Base pay" means the normal periodic payments of money for  
14 service, the right to which accrues on a regular basis in  
15 proportion to the service performed[+], unreduced by any  
16 furloughs or mandatory pay reduction; recurring differentials;  
17 and elective salary reduction contributions under sections 125,



# H.B. NO. 749

1 403(b), and 457(b) of the Internal Revenue Code of 1986, as  
2 amended."

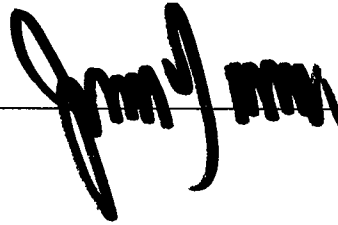
3 SECTION 3. This Act does not affect rights and duties that  
4 matured, penalties that were incurred, and proceedings that were  
5 begun before its effective date.

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 Statutory material to be repealed is bracketed  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

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

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INTRODUCED BY: \_\_\_\_\_



JAN 25 2021



# H.B. NO. 749

**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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