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# A BILL FOR AN ACT

RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

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

1       SECTION 1. Section 88-21.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3       "**§88-21.5 Compensation.** Unless a different meaning is  
4 plainly required by context, as used in this part,  
5 "compensation" means normal periodic payments of money for  
6 service the right to which accrues on a regular basis in  
7 proportion to the service performed; overtime[, differentials,  
8 and supplementary payments, bonuses and lump sum salary  
9 supplements]; and elective salary reduction contributions under  
10 sections 125, 403(b), and 457(b) of the Internal Revenue Code  
11 [of 1986, as amended. Bonuses and lump sum salary supplements  
12 shall be deemed earned when payable; provided that bonuses or  
13 lump sum salary supplements in excess of one twelfth of  
14 compensation for the twelve months prior to the month in which  
15 the bonus or lump sum salary supplement is payable, exclusive of  
16 overtime, bonuses, and lump sum salary supplements, shall be  
17 deemed earned+.



1       ~~(1) During the period agreed upon by the employer and~~  
2           ~~employee, but in any event over a period of not less~~  
3           ~~than twelve months; or~~

4       ~~(2) In the absence of an agreement between the employer~~  
5           ~~and the employee, over the twelve months prior to the~~  
6           ~~date on which the bonus or lump sum salary supplement~~  
7           ~~is payable.]; provided that, effective July 1, 2010,~~  
8           any earnings from compensatory time accrued pursuant  
9           to an executed collective bargaining agreement, or  
10          agreement negotiated pursuant to chapter 89C, shall  
11          not be considered compensation for the purposes of  
12          this chapter."

13       SECTION 2. This Act does not affect rights and duties that  
14   matured, penalties that were incurred, and proceedings that were  
15   begun, before its effective date.

16       SECTION 3. Statutory material to be repealed is bracketed  
17   and stricken. New statutory material is underscored.



# S.B. NO. 2888

1 SECTION 4. This Act shall take effect on July 1, 2010.

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**Report Title:**

ERS; Compensation; Compensatory Time

**Description:**

Repeals certain forms of pay from being included in the definition of compensation for purposes of computing compensation for retirement purposes beginning on July 1, 2010.

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