

ACT 152

S.B. NO. 1269

A Bill for an Act Relating to the Definition of Compensation for Purposes of the Employees' Retirement System.

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

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

“§88-21.5 Compensation. [~~Unless~~] (a) For a member who became a member before July 1, 2012, unless a different meaning is plainly required by context, as used in this part, “compensation” means [~~normal~~]:

- (1) Normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed; [~~overtime,~~]
- (2) Overtime, differentials, and supplementary payments; [~~bonuses~~]
- (3) Bonuses and lump sum salary supplements; and [~~elective~~]
- (4) Elective salary reduction contributions under sections 125, 403(b), and 457(b) of the Internal Revenue Code of 1986, as amended.

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Bonuses and lump sum salary supplements shall be deemed earned when payable; provided that bonuses or lump sum salary supplements in excess of one-twelfth of compensation for the twelve months prior to the month in which the bonus or lump sum salary supplement is payable, exclusive of overtime, bonuses, and lump sum salary supplements, shall be deemed earned:

- (1) During the period agreed-upon by the employer and employee, but in any event over a period of not less than twelve months; or
- (2) In the absence of an agreement between the employer and the employee, over the twelve months prior to the date on which the bonus or lump sum salary supplement is payable.

(b) For a member who becomes a member after June 30, 2012, unless a different meaning is plainly required by context, "compensation" as used in this part:

(1) Means:

(A) The normal periodic payments of money for service, the right to which accrues on an hourly, daily, monthly, or annual basis;

(B) Shortage differentials;

(C) Elective salary reduction contributions under sections 125, 403(b), and 457(b) of the Internal Revenue Code of 1986, as amended; and

(D) Twelve-month differentials for employees of the department of education; and

(2) Shall not include any other additional or extra payments to an employee or officer, including overtime, supplementary payments, bonuses, lump sum salary supplements, allowances, or differentials, including differentials for stand-by duty, temporary unusual work hazards, compression differentials, or temporary differentials, except for those expressly authorized pursuant to subsection (b)(1)(B), (b)(1)(C), and (b)(1)(D)."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on June 30, 2012.

(Approved June 25, 2012.)