
A BILL FOR AN ACT

RELATING TO INDEBTEDNESS TO THE STATE.

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

1 SECTION 1. Section 78-12, Hawaii Revised Statutes, is
2 amended by amending subsections (e) and (f) to read as follows:

3 "(e) If the indebtedness has occurred as a result of
4 salary or wage overpayment, the disbursing officer shall
5 determine the amount of indebtedness and notify the employee in
6 writing of the indebtedness[+] within sixty days of making the
7 determination; provided that, to be an actionable cause of
8 action, the determination and notice to the employee shall be
9 made within two years from the date of the salary or wage
10 overpayment, and not after. If the employee contests the
11 disbursing officer's determination of indebtedness, the employee
12 may request a hearing pursuant to chapter 91.

13 (f) Regardless of whether a contested determination of
14 indebtedness is pending, the disbursing officer shall commence
15 immediate recovery of the indebtedness as provided in this
16 subsection. ~~[If the indebtedness is equal to or less than~~
17 ~~\$1,000, the disbursing officer shall immediately deduct from any~~



~~subsequent periodic payment normally due the employee any amount
up to the total amount of indebtedness and for indebtedness
greater than \$1,000, the disbursing officer shall deduct:~~

- ~~(1) An amount agreed to by the employee and the appointing
authority, but not less than \$100 per pay period; or
(2) One-quarter of the salary, wages, or compensation due
the employee until the indebtedness is repaid in
full.]~~

The disbursing officer shall deduct:

- (1) For an employee earning a gross income of less than
\$2,000 per pay period:

(A) An amount agreed to by the employee and the
appointing authority, but no less than \$50 per
pay period; or

(B) Five per cent of the salary, wage, or
compensation due to the employee until the
indebtedness is repaid in full;

- (2) For an employee earning a gross income of \$2,000 to
\$3,000 per pay period:



1 (A) An amount agreed to by the employee and the
2 appointing authority, but no less than \$75 per
3 pay period; or

4 (B) Fifteen per cent of the salary, wage, or
5 compensation due to the employee until the
6 indebtedness is repaid in full; and

7 (3) For an employee earning a gross income of more than
8 \$3,000 per pay period:

9 (A) An amount agreed to by the employee and the
10 appointing authority, but no less than \$100 per
11 pay period; or

12 (B) Twenty-five per cent of the salary, wage, or
13 compensation due to the employee until the
14 indebtedness is repaid in full.

15 In addition to ~~[paragraph (1),]~~ paragraphs (1) through (3), an
16 employee and the appointing authority may agree to offset any
17 remaining amount of indebtedness by applying the current value
18 of appropriate leave or compensatory time credits posted in the
19 employee's respective accounts as balances that would otherwise
20 be payable in cash upon separation from service; provided that
21 credits shall not be applied to any extent that would require a



1 refund of any moneys already deducted or repaid or that would
2 require the payment of any moneys to the employee equivalent to
3 a cashing out of leave or compensatory time credits."

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

6 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Indebtedness; Salary or Wage Overpayment; Overpayment Payroll
Transactions; Deductions for Recovery; Notice

Description:

Requires disbursing officers to notify employees within sixty days of making a determination that an indebtedness has occurred to the government resulting from salary or wage overpayment. Amends the amount that a disbursing officer may deduct from an employee's salary, wage, or compensation based on the employee's gross income. Effective 7/1/2050. (SD1)

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