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# A BILL FOR AN ACT

RELATING TO STATE SALARIES.

**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 subsection (f) to read as follows:

3       "(f) Regardless of whether a contested determination of  
4 indebtedness is pending, the disbursing officer shall commence  
5 immediate recovery of the indebtedness as provided in this  
6 subsection[-]; provided that a recovery shall not commence after  
7 two years from the date of the indebtedness. If the  
8 indebtedness is equal to or less than \$1,000, the disbursing  
9 officer shall immediately deduct from any subsequent periodic  
10 payment normally due the employee any amount up to the total  
11 amount of indebtedness and for indebtedness greater than \$1,000,  
12 the disbursing officer shall deduct:

13       (1) An amount agreed to by the employee and the appointing  
14 authority, but not less than \$100 per pay period; or

15       (2) One-quarter of the salary, wages, or compensation due  
16 the employee until the indebtedness is repaid in full.

17 In addition to paragraph (1), an employee and the appointing  
18 authority may agree to offset any remaining amount of



1 indebtedness by applying the current value of appropriate leave  
2 or compensatory time credits posted in the employee's respective  
3 accounts as balances that would otherwise be payable in cash  
4 upon separation from service; provided that credits shall not be  
5 applied to any extent that would require a refund of any moneys  
6 already deducted or repaid or that would require the payment of  
7 any moneys to the employee equivalent to a cashing out of leave  
8 or compensatory time credits."

9 SECTION 2. This Act does not affect rights and duties that  
10 matured, penalties that were incurred, and proceedings that were  
11 begun, before its effective date.

12 SECTION 3. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval.

15  
INTRODUCED BY: Kal Rhoad

JAN 21 2009



**Report Title:**

State Salary; Indebtedness

**Description:**

Establishes a two year statute of limitations for recovering indebtedness to State through withholding of state salary.

