

Honolulu, Hawaii

May 1, 2009

RE: H.B. No. 111
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 111, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO STATE SALARIES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to provide fairness in the process of collecting moneys owed to the State or county by a state officer, agent, or employee, by establishing a three-year statute of limitations for the recovery of overpayment of state salaries.

Collecting overpayments of a state employee's salary can be an arduous and often difficult task, especially when the overpayment is the result of miscalculations by the State. If this error goes undetected by either party for a number of years, it can make the process even more troublesome.

Under current law, the State is provided with an unlimited amount of time in which to collect overpayments it made to state



employees. On the other hand, if an underpayment of a state employee's salary is made, the employee is allowed only a certain window of opportunity to file a claim. Limiting the time the State has to pursue reimbursement of a salary overpayment made to a state employee brings fairness to this process.

However, additional concerns were raised that in cases where an employee is compensated in an amount greater than or less than that to which the employee was entitled, the individual's average final compensation with regard to his or her retirement pension would be affected. Basing the average final compensation of an employee on what the employee should have been paid appears fair and reasonable.

After further consideration, your Committee on Conference has amended this bill by:

- (1) Decreasing the time limit for recovery of indebtedness from three years from the date of indebtedness to two years;
- (2) Clarifying that the two-year statute of limitations applies only to indebtedness as a result of salary or wage overpayment;
- (3) Stipulating that in cases where an officer, agent, employee, or other person in the service of a jurisdiction is compensated in an amount greater than or less than that to which the person is entitled, the determination of that particular individual's average final compensation shall be based on the compensation the individual should have been paid during that period;
- (4) Changing its effective date to upon its approval; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

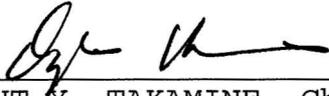
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 111, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 111, S.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



DWIGHT Y. TAKAMINE, Chair



KARL RHOADS, Co-Chair



DONNA MERCADO KIM, Co-Chair



KYLE T. YAMASHITA, Co-Chair



