
A BILL FOR AN ACT

RELATING TO SALARY OVERPAYMENTS.

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

1 SECTION 1. The legislature finds that salary overpayments
2 have been an ongoing issue throughout many departments and
3 agencies of the State. From November 2016 to October 2017,
4 state departments and agencies in Hawaii overpaid salaries in an
5 amount exceeding \$415,000 each month. The highest amount of
6 overpayment occurred in November 2016, at \$622,266.14. Greater
7 accountability by state departments and agencies and increased
8 ability to correct overpaid salaries will reduce overpayment
9 waste.

10 The purpose of this Act is to:

- 11 (1) Require each department to deduct the department's
12 total salary overpayment from the department's budget
13 request for the following fiscal biennium;
- 14 (2) Require that employees who exhaust their sick leave be
15 placed on a manual accounting system; and



(3) Remove the two-year statute of limitations on the determination and notice of salary or wage overpayment.

SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§37- Salary and wage overpayments deducted from budget requests. Any department that has an outstanding wage or salary overpayment balance at the end of a fiscal biennium shall deduct the amount of the balance from the department's budget request in the following fiscal biennium."

SECTION 3. Chapter 78, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§78- Manual accounting systems; employee sick leave. Each department shall establish a manual accounting system to record the wages or salary and leave of any employee who exhausts the employee's sick leave. Each department may adopt rules pursuant to chapter 91 for the purposes of this section."

SECTION 4. Section 78-12, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:



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

10 SECTION 5. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 6. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on January 1, 2050.



Report Title:

Wage and Salary Overpayment; State Agencies and Departments;
Employees; Budget Requests

Description:

Requires each department to deduct the department's total salary overpayment from the department's budget request for the following fiscal biennium. Requires that employees who exhaust their sick leave be placed on a manual accounting system. Removes the two-year statute of limitations on determination and collection from an employee of salary and wage overpayment.
(SB2598 HD1)

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