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# 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;



- 1           (3) Remove the two-year statute of limitations on the
- 2           determination and notice of salary or wage
- 3           overpayment; and
- 4           (4) Allow officers charged with collecting debt due to
- 5           salary or wage overpayment to garnish the pension of
- 6           former employees, including former employees who have
- 7           not been employed by the State for over two years.

8           SECTION 2. Chapter 26, Hawaii Revised Statutes, is amended  
9 by adding a new section to be appropriately designated and to  
10 read as follows:

11           "§26-     Salary and wage overpayments deducted from budget  
12 requests. Any department that has an outstanding wage or salary  
13 overpayment balance at the end of a fiscal biennium shall deduct  
14 the amount of the balance from the department's budget request  
15 in the following fiscal biennium."

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

19           "§78-     Manual accounting systems; employee sick leave.  
20 Each department shall establish a manual accounting system to  
21 record the wages or salary and leave of any employee who



1 exhausts the employee's sick leave. Each department may adopt  
2 rules pursuant to chapter 91 for the purposes of this section."

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

5 "(e) If the indebtedness has occurred as a result of  
6 salary or wage overpayment, the disbursing officer shall  
7 determine the amount of indebtedness and notify the employee in  
8 writing of the indebtedness [~~provided that, to be an actionable~~  
9 ~~cause of action, the determination and notice to the employee~~  
10 ~~shall be made within two years from the date of the salary or~~  
11 ~~wage overpayment, and not after]~~. If the employee contests the  
12 disbursing officer's determination of indebtedness, the employee  
13 may request a hearing pursuant to chapter 91. Notwithstanding  
14 any other law to the contrary, if the indebted person is a  
15 former employee who is entitled to a pension pursuant to chapter  
16 88, the officer charged with collecting the indebtedness may  
17 garnish the former employee's pension."

18 SECTION 5. This Act does not affect rights and duties that  
19 matured, penalties that were incurred, and proceedings that were  
20 begun before its effective date.



1           SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 7. This Act shall take effect on July 1, 2050.

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**Report Title:**

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

**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 notice to an employee of salary and wage overpayment. Allows officers charged with collecting debt due to salary or wage overpayment to garnish the pension of former employees. Takes effect 7/1/2050. (SD1)

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