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## 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 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. If the indebtedness is equal to or less than~~  
7 ~~\$1,000, the disbursing officer shall immediately deduct from any~~  
8 ~~subsequent periodic payment normally due the employee any amount~~  
9 ~~up to the total amount of indebtedness and for indebtedness~~  
10 ~~greater than \$1,000, the disbursing officer shall deduct:~~

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

16 The disbursing officer shall commence recovery of the  
17 indebtedness; provided that the disbursing officer or appointing



1       authority provides a written statement to the employee at least  
2       thirty calendar days before the deduction. The written statement  
3       shall include the total amount owed and the amount to be  
4       deducted from any subsequent periodic payment normally due the  
5       employee. The disbursing officer shall deduct no more than five  
6       per cent of the employee's gross income per pay period, unless  
7       the employee otherwise requests and specifies that a greater  
8       percentage or amount be deducted.

9           [~~In addition to paragraph (1), an~~] An employee and the  
10       appointing authority may agree to offset any remaining amount of  
11       indebtedness by applying the current value of appropriate leave  
12       or compensatory time credits posted in the employee's respective  
13       accounts as balances that would otherwise be payable in cash  
14       upon separation from service; provided that credits shall not be  
15       applied to any extent that would require a refund of any moneys  
16       already deducted or repaid or that would require the payment of  
17       any moneys to the employee equivalent to a cashing out of leave  
18       or compensatory time credits."

19       SECTION 2. Statutory material to be repealed is bracketed  
20       and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect upon its approval.

2

INTRODUCED BY:



JAN 20 2026



# H.B. NO. 1656

**Report Title:**

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

**Description:**

Amends the amount that a disbursing officer may deduct from an employee's salary, wage, or compensation based on the employee's gross income.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

