

JAN 21 2026

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 Statutory material to be repealed is bracketed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.



S.B. NO. 2118

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

2

INTRODUCED BY:

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S.B. NO. 2118

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.

