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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  
3 statement shall include the total amount owed and the amount to  
4 be deducted from any subsequent periodic payment normally due  
5 the employee.

6 The disbursing officer shall deduct not more than five per  
7 cent of the employee's gross income per pay period, unless the  
8 employee otherwise requests and specifies that a greater  
9 percentage or amount be deducted.

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

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 Statutory material to be repealed is bracketed  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



**1** SECTION 3. This Act shall take effect on January 1, 2077.



**Report Title:**

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

**Description:**

Repeals the requirement that the disbursing officer immediately begin recovery of the indebtedness regardless of a pending contested case. Amends the maximum amount that a disbursing officer may deduct from an employee's salary, wage, or compensation as recovery of an employee's indebtedness to 5% of the employee's gross income per pay period, with exceptions. Requires a written statement to be provided to the employee at least thirty calendar days before the deduction. Effective 1/1/2077. (SD1)

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

