

Honolulu, Hawaii

FEB 17 , 2026

RE: H.B. No. 1656
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.B. No. 1656
entitled:

"A BILL FOR AN ACT RELATING TO INDEBTEDNESS TO THE STATE,"

begs leave to report as follows:

The purpose of this measure is to amend the amount that a
disbursing officer may deduct from an employee's salary, wage, or
compensation based on the employee's gross income.

Your Committee received testimony in support of this measure
from the Hawai'i State Public Library System; University of Hawaii
Professional Assembly; United Public Workers, AFSCME Local 646,
AFL-CIO; and Hawaii Government Employees Association, AFSCME Local
152, AFL-CIO. Your Committee received comments on this measure
from the Department of Accounting and General Services and
Department of Budget and Fiscal Services of the City and County of
Honolulu.

Your Committee finds that existing law permits relatively
large automatic payroll deductions when recovering salary or wage
overpayments, which may create financial hardship for affected
employees. Your Committee further finds that there is limited
advance notice before deductions begin, reducing an employee's
ability to plan for the financial impact. Your Committee believes
that limiting deductions and requiring at least thirty days'



written notice before deductions provides a more reasonable and transparent repayment process that balances the State's need for recovery with employee financial stability.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1656, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor,



JACKSON D. SAYAMA, Chair



