

STAND. COM. REP. NO. 2120

Honolulu, Hawaii

FEB 06 2026

RE: S.B. No. 2118
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred S.B. No. 2118 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the process by which a public employer may recover an employee's indebtedness, including salary or wage overpayment, by:

- (1) Repealing the requirement that the disbursing officer immediately begin recovery of the indebtedness regardless of a pending contested case;
- (2) Amending 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 five percent of the employee's gross income per pay period, with exceptions; and
- (3) Requiring a written statement to be provided to the employee at least thirty calendar days before the deduction.

Your Committee received testimony in support of this measure from the University of Hawaii Professional Assembly; Hawaii



Government Employees Association, AFSCME Local 152, AFL-CIO; and United Public Workers, AFSCME Local 646, AFL-CIO.

Your Committee received testimony in opposition to this measure from the Libertarian Party of Hawaii.

Your Committee received comments on this measure from the Department of Accounting and General Services.

Your Committee finds that due to the complexity of administrative payrolls, public employers may err in overpaying an employee, causing the employee to be indebted to their employer through no fault of their own. Your Committee further finds that the current process to recover the indebtedness does not require a notification period and allows the deduction of up to a quarter of an employee's gross compensation, subjecting employees to financial hardship. This measure establishes necessary financial safeguards to facilitate public employers' recovery of the indebtedness without unfairly overburdening employees.

Your Committee has amended this measure by:

- (1) Inserting an effective date of January 1, 2077, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2118, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2118, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

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


BRANDON J.C. ELBANTIE, Chair



