
A BILL FOR AN ACT

RELATING TO SALARY OVERPAYMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that salary overpayments
2 have been an ongoing issue throughout many departments and
3 agencies of the State. From November 2016 to October 2017,
4 state departments and agencies in Hawaii overpaid salaries in an
5 amount exceeding \$415,000 each month. The highest amount of
6 overpayment occurred in November 2016, at \$622,266.14. Greater
7 accountability by state departments and agencies and increased
8 ability to correct overpaid salaries will reduce overpayment
9 waste.

10 The purpose of this Act is to:

- 11 (1) Require each department to deduct the department's
12 total salary overpayment from the department's budget
13 request for the following fiscal biennium;
- 14 (2) Require that employees who exhaust their sick or
15 vacation leave be placed on a manual accounting
16 system; and



1 (3) Remove the two-year statute of limitations on the
2 determination and notice of salary or wage
3 overpayment.

4 SECTION 2. Chapter 37, Hawaii Revised Statutes, is amended
5 by adding a new section to be appropriately designated and to
6 read as follows:

7 "§37- Salary and wage overpayments deducted from budget
8 requests. Any department that has an outstanding wage or salary
9 overpayment balance at the end of a fiscal biennium shall deduct
10 the amount of the balance from the department's budget request
11 in the following biennium."

12 SECTION 3. Chapter 78, Hawaii Revised Statutes, is amended
13 by adding a new section to be appropriately designated and to
14 read as follows:

15 "§78- Manual accounting systems; employee sick or
16 vacation leave. Each department shall establish a manual
17 accounting system to record the wages or salary and leave of any
18 employee who exhausts the employee's sick or vacation leave.
19 Each department may adopt rules pursuant to chapter 91 for the
20 purposes of this section."



1 SECTION 4. Section 78-12, Hawaii Revised Statutes, is
2 amended by amending subsection (e) to read as follows:

3 "(e) If the indebtedness has occurred as a result of
4 salary or wage overpayment, the disbursing officer shall
5 determine the amount of indebtedness and notify the employee in
6 writing of the indebtedness [~~; provided that, to be an actionable~~
7 ~~cause of action, the determination and notice to the employee~~
8 ~~shall be made within two years from the date of the salary or~~
9 ~~wage overpayment, and not after]~~. If the employee contests the
10 disbursing officer's determination of indebtedness, the employee
11 may request a hearing pursuant to chapter 91."

12 SECTION 5. This Act does not affect rights and duties that
13 matured, penalties that were incurred, and proceedings that were
14 begun before its effective date.

15 SECTION 6. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 7. This Act shall take effect on July 1, 2025.



Report Title:

Wage and Salary Overpayment; State Agencies and Departments;
Employees; Budget Requests; Pensions; Sick Leave; Vacation Leave

Description:

Requires each department to deduct the department's total salary overpayment from the department's budget request for the following fiscal biennium. Requires that employees who exhaust their sick or vacation leave be placed on a manual accounting system. Removes the two-year statute of limitations on determination and notice to an employee of salary and wage overpayment. Effective 7/1/2025. (SD1)

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