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## A BILL FOR AN ACT

RELATING TO INDEBTEDNESS.

**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 subsections (e) and (f) 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[+] within sixty days; provided that,  
7 to be an actionable cause of action, the determination [~~and~~  
8 ~~notice to the employee~~] shall be made within two years from the  
9 date of the salary or wage overpayment, and not after. If the  
10 employee contests the disbursing officer's determination of  
11 indebtedness, the employee may request a hearing pursuant to  
12 chapter 91.

13           (f) Regardless of whether a contested determination of  
14 indebtedness is pending, the disbursing officer shall commence  
15 immediate recovery of the indebtedness as provided in this  
16 subsection. [~~If the indebtedness is equal to or less than~~  
17 ~~\$1,000, the disbursing officer shall immediately deduct from any~~



1 ~~subsequent periodic payment normally due the employee any amount~~  
2 ~~up to the total amount of indebtedness and for indebtedness~~  
3 ~~greater than \$1,000, the] The disbursing officer shall deduct:~~

4 (1) An amount agreed to by the employee and the appointing  
5 authority, but not less than [~~\$100~~] \$50 per pay  
6 period; or

7 (2) [~~One-quarter~~] Five per cent of the salary, wages, or  
8 compensation due the employee until the indebtedness  
9 is repaid in full.

10 In addition to paragraph (1), an employee and the appointing  
11 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 Statutory material to be repealed is bracketed  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.




# H.B. NO. 1643

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

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INTRODUCED BY:



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JAN 17 2024



# H.B. NO. 1643

**Report Title:**

Indebtedness; Salary or Wage Overpayment; Cause of Action;  
Deductions for Recovery

**Description:**

Shortens the time within which a disbursing officer must notify an employee of indebtedness to the government resulting from salary or wage overpayment. Amends the criteria for an actionable cause of action. Amends the amount a disbursing officer shall deduct to begin immediate recovery of indebtedness.

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