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 of making said

7   determination; provided that, to be an actionable cause of

8   action, the determination [and notice to the employee] shall be

9   made within two years from the date of the salary or wage

10 overpayment, and not after. If the employee contests the

11 disbursing officer's determination of indebtedness, the employee

12 may request a hearing pursuant to 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) For an employee earning a gross income of less than

5         $1,500 per pay period:

6   (A) An amount agreed to by the employee and the

7   appointing authority, but not less than [$100]

8             $50 per pay period; or

9   [(2) One-quarter] (B) Five per cent of the salary, wages,

10   or compensation due the employee until the

11   indebtedness is repaid in full[.];

12   (2) For an employee earning a gross income of $1,500 to

13         $2,500 per pay period:

14   (A) An amount agreed to by the employee and the

15   appointing authority, but not less than $75 per

16   pay period; or

17   (B) Fifteen per cent of the salary, wages, or

18   compensation due to the employee until the

19   indebtedness is repaid in full; and

20   (3) For an employee earning a gross income greater than

21         $2,500 per pay period:

1   (A)   An amount agreed to by the employee and the

2   appointing authority, but not less than $100 per

3   pay period; or

4   (B)   Twenty-five per cent of the salary, wages, or

5   compensation due to the employee until the

6   indebtedness is repaid in full.

7   In addition to [paragraph (1),] paragraphs (1) through (3), an

8   employee and the appointing authority may agree to offset any

9   remaining amount of indebtedness by applying the current value

10   of appropriate leave or compensatory time credits posted in the

11   employee's respective accounts as balances that would otherwise

12   be payable in cash upon separation from service; provided that

13   credits shall not be applied to any extent that would require a

14   refund of any moneys already deducted or repaid or that would

15   require the payment of any moneys to the employee equivalent to

16   a cashing out of leave or compensatory time credits."

17   SECTION 2.   Statutory material to be repealed is bracketed

18   and stricken.   New statutory material is underscored.

19   SECTION 3.   This Act shall take effect on July 1, 3000.

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 based on an employee's gross income. Effective 7/1/3000. (HD1)

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