

RUSS K. SAITO

BARBARA A. ANNIS Deputy Comptroller

STATE OF HAWAII DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119 HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
TOURISM, CULTURE & INTERNATIONAL AFFAIRS

ON
February 7, 2009

H.B. 946

RELATING TO THE STATE FOUNDATION ON CULTURE AND ARTS

Chair Manahan and members of the Committee, thank you for the opportunity to testify on H. B. 946.

The Department of Accounting and General Services (DAGS) opposes this bill, which would create a check-off on tax returns for the State Foundation on Culture and the Arts (SFCA). The §235-102.5 income check-off feature of the State Income Tax system currently has optional check- offs for the Hawaii Election Campaign Fund, School-Level Minor Repairs and Maintenance Special Fund, Libraries Special Fund, Hawaii Children's Trust Fund, Domestic Violence and Sexual Assault Special Fund, Spouse and Child Abuse Special Account, and Spouse and Child Abuse Special Account.

There are costs required to make changes to the tax computer systems and income tax forms, which may have limited space. In addition, the generation of revenues by a new check-off such as this would be typically small, more so because of the current

financial stresses on personal incomes. DAGS believes that the cost of implementing this bill will likely far outweigh the benefit.

Thank you for the opportunity to testify on this matter.



LINDA LINGLE GOVERNOR

JAMES R. AIONA, JR. LT. GOVERNOR



KURT KAWAFUCHI DIRECTOR OF TAXATION

SANDRA L. YAHIRO DEPUTY DIRECTOR

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HOUSE COMMITTEE ON TOURISM, CULTURE & INTERNATIONAL AFFAIRS TESTIMONY REGARDING HB 946 RELATING TO INCOME TAX CHECK-OFF

WRITTEN TESTIMONY ONLY

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE:

FEBRUARY 7, 2009

TIME:

9AM

ROOM:

312

This measure provides an additional income tax refund check-off for the state foundation on culture and the arts.

The Department <u>opposes this measure due to its administrative costs and burdens</u>, especially in light of the historically small benefits provided by tax check-offs.

COMPUTER SYSTEM—Changes to the Department's computer system will need to be made to implement this legislation. The automatic donation amount from the check of the box will need to be redeveloped to include additional fixed dollar amounts. Making automation changes to the Department's computer system may have an unknown revenue impact on the Department's budget, which has not been considered in this year's budget.

FORMS—The Department will need to amend the forms to accommodate this new provision. Currently there are four "check-the-box" contribution programs on the individual income tax return. The forms must account for the amounts deposited and the allocations to ensure proper funding to the special funds. The additional space needed for this check off may not be available.

REVENUES HISTORICALLY SMALL—The Department understands that the current check-off features on the tax return have historically been very small, which would likely provide little assistance to a budgetary undertaking such as that intended by this measure. The Department is also concerned that the cost to implement this check-off amendment could outweigh the benefit.

It is estimated that a check-off for this special fund could generate anywhere between \$94,000 to \$188,000 annually from FY 2010.

Amy Luke

From:

mailinglist@capitol.hawaii.gov

Sent:

Saturday, February 07, 2009 7:53 AM

To:

TCItestimony

Cc:

mteraoka@hawaii.rr.com

Subject:

Testimony for HB946 on 2/7/2009 9:00:00 AM

Testimony for TCI 2/7/2009 9:00:00 AM HB946

Conference room: 312

Testifier position: support Testifier will be present: No Submitted by: Masami Teraoka

Organization: Individual Address:

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Phone:

E-mail:

Submitted on: 2/7/2009

Comments:

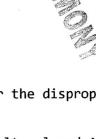
I'm totally in favor of the HB 946. It's a positive solution for the disproportionately sliced State foundation on culture and the Arts budget plan.

In the disastrous Hawaii state economy Slicing the budget for cultural and Arts program is totally unthinkable. Art and cultural programs should be put in the position as thekey players to improve the state economy.

It is so outrageous to recognize the governor's vision seems to be entirely focused in the wrong direction. I hope this HB946 will steer back the not well thought out vision back in to the right track.

Aloha,

Masami Teraoka



5 February 2009

To Whom It May Concern:

I am writing in favor of the passage of HB946.

It makes it convenient to contribute to a number of programs facing funding cuts, programs that are often times the first to see drastic cuts when our state faces difficult economic times like the ones we are now experiencing.

I am especially pleased to see the State Foundation on Culture and the Arts as one of the beneficiaries of this Bill. Additional funding ensures that the SFCA could continue its outreach to many underserved communities.

Sincerely,

Jacqueline Wah