

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR OF TAXATION

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

DEPT. COMM. NO. 239

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1500
FAX NO: (808) 587-1506

December 28, 2023

The Honorable Ronald D. Kouchi
President and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, HI 96813

The Honorable Scott K. Saiki
Speaker and Members of the
House of Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, the Department of Taxation (Department) hereby transmits a copy of the Department's Report on Administratively Created Accounts and Funds under the Department of Taxation, as required by section 37-52.5, Hawaii Revised Statutes (HRS).

In accordance with section 93-16, HRS, the Department also informs you that the report may be viewed electronically at: https://tax.hawaii.gov/stats/a5_1annual/

If you have any questions or concerns, please feel free to contact me at (808) 587-1540.

Sincerely,

Gary S. Sukanuma
Director of Taxation

Enclosure

Report on Administratively Created Accounts and Funds

for Submittal to the 2024 Legislature

Department: Taxation
 Program ID(s): _____
 Name of Fund: Unemployment Tax Clearance Accounts
 Legal Authority: Administratively Created

Contact Name: Emill Acosta
 Phone Number: 587-1501
 Fund Type (MOF): Special Fund (B)
 Appropriation Account Number: S-XX-395, 396, 397-T

Intended Purpose:

The fund is used as a clearing account for unemployment taxes collected by the Oahu District, Maui District, and Hawaii District Tax Offices for the Unemployment Division of the Department of Labor and Industrial Relations (DLIR).

Current Program Activities/Allowable Expenses:

There are no expenditures as funds are transferred as negative adjustments to revenue.

Financial Data for Fiscal Years 2019 - 2023 (in thousands)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	487	487	486	486	486
Revenues	0	(1)	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers					
Net Total Transfers	0	0	0	0	0
Ending Cash Balance	487	486	486	486	486
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	487	486	486	486	486

Report on Administratively Created Accounts and Funds

for Submittal to the 2024 Legislature

Department: Taxation
 Program ID(s): _____
 Name of Fund: Taxes-Paid-Under-Protest Accounts
 Legal Authority: Administratively Created

Contact Name: Emill Acosta
 Phone Number: 587-1501
 Fund Type (MOF): Trust Account (T)
 Appropriation Account Number: T-XX-921, 922, 924-T

Intended Purpose:

The account is used as a temporary holding account for funds taxpayers submit during the appeal process while cases are being settled.

Current Program Activities/Allowable Expenses:

Expenditures are transfers back to the Undistributed Tax Collections Account for case settlement disbursement, or when a tax appeal case is litigated, the amounts in dispute are disbursed to the Litigated Claims Fund.

Financial Data for Fiscal Years 2019 - 2023 (in thousands)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	121	370	370	1,649	1,652
Revenues	347	0	2,952	215	908
Interest	0	0	0	0	0
Expenditures	(98)	0	(1,673)	(212)	(455)
Transfers					
Net Total Transfers	0	0	0	0	0
Ending Cash Balance	370	370	1,649	1,652	2,105
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	370	370	1,649	1,652	2,105

Report on Administratively Created Accounts and Funds

for Submittal to the 2024 Legislature

Department: Taxation
 Program ID(s): _____
 Name of Fund: Litigated Claims Fund
 Legal Authority: Administratively Created

Contact Name: Emill Acosta
 Phone Number: 587-1501
 Fund Type (MOF): Trust Fund (T)
 Appropriation Account Number: T-XX-931-T

Intended Purpose:

The fund is used as a temporary holding account for amounts in dispute while appealed tax cases are litigated.

Current Program Activities/Allowable Expenses:

Expenditures include transfers back to the Undistributed Tax Collections Account for case settlement disbursement.

Financial Data for Fiscal Years 2019 - 2023 (in thousands)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	48,552	39,703	4,627	5,736	4,824
Revenues	1,230	0	1,325	86	90
Interest	402	1,561	120	24	113
Expenditures	(10,481)	(36,637)	(336)	(1,022)	(90)
Transfers					
Net Total Transfers	0	0	0	0	1
Ending Cash Balance	39,703	4,627	5,736	4,824	4,938
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	39,703	4,627	5,736	4,824	4,938

Report on Administratively Created Accounts and Funds

for Submittal to the 2024 Legislature

Department: Taxation
 Program ID(s): _____
 Name of Fund: Temporary Deposits - Payroll Overpayment Trust Account
 Legal Authority: Administratively Created

Contact Name: Emill Acosta
 Phone Number: 587-1501
 Fund Type (MOF): Trust Account (T)
 Appropriation Account Number: T-XX-933-T

Intended Purpose:

The account is used as a temporary deposit account for employees who received a payroll overpayment; however, DOTAX discontinued use of the account as payroll overpayments are now handled by payroll through the Hawaii Information Portal.

Current Program Activities/Allowable Expenses:

Expenditures are transfers to the Payroll Clearance Fund once the total overpayment has been recovered from the employee.

Financial Data for Fiscal Years 2019 - 2023 (in thousands)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	2	2	2	2	2
Revenues	0	0	0	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
Transfers					
Net Total Transfers	0	0	0	0	0
Ending Cash Balance	2	2	2	2	2
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	2	2	2	2	2

Report on Administratively Created Accounts and Funds

for Submittal to the 2024 Legislature

Department: Taxation
 Program ID(s): _____
 Name of Fund: Undistributed Tax Collections Accounts
 Legal Authority: Administratively Created

Contact Name: Emill Acosta
 Phone Number: 587-1501
 Fund Type (MOF): Trust Account (T)
 Appropriation Account Number: T-XX-991, 992, 993, 994-T

Intended Purpose:
 The account is used as a clearing account for taxes collected for all tax districts.

Current Program Activities/Allowable Expenses:
 Expenditures include disbursements to other funds and accounts such as the Tax Reserve Fund to refund taxpayers for overpayments; the Taxes-Paid-Under-Protest Accounts, a holding account used when taxpayers appeal payments made; and the Litigated Claims Fund when appeal cases are litigated.

Financial Data for Fiscal Years 2019 - 2023 (in thousands)					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	(9,857)	(11,275)	(11,660)	(3,158)	(9,282)
Revenues	8,476,362	8,168,179	8,456,055	10,613,311	11,045,741
Interest	0	0	0	0	0
Expenditures	(8,480,697)	(8,173,204)	(8,450,370)	(10,622,742)	(11,040,598)
Transfers					
Net Total Transfers	2,917	4,640	2,817	3,307	6,002
Ending Cash Balance	(11,275)	(11,660)	(3,158)	(9,282)	1,863
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	(11,275)	(11,660)	(3,158)	(9,282)	1,863