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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 39, Relating to Non-General Funds

BEFORE THE:

House Committee on Finance

DATE: Friday, February 17, 2023

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

The Department of Taxation ("Department") supports H.B. 39 and offers the following comments.

Pursuant to recommendations made by the State Auditor in Report No. 22-14, H.B. 39 seeks to: (1) reclassify the litigated claims fund from a trust fund to a trust account; and (2) abolish the temporary deposits-payroll overpayment trust account, with any unencumbered balance lapsing to the credit of the general fund. The measure is effective on July 1, 2023.

The Department agrees with the Auditor's recommendations and notes that it has already made a request to the Department of Accounting and General Services (DAGS) to rename the "Litigated Claims Fund" the "Litigated Claims Trust Account." The Department also has no objection to abolishing the "Temporary Deposits—Payroll Overpayment Trust Account" and having the balance of that account lapse to the credit of the general fund. The Department defers to the Department of Budget and Finance and DAGS regarding implementation of this measure.

Thank you for the opportunity to provide comments.