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To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Thursday, April 4, 2019
Time: 2:05 P.M.
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 1271, S.D. 1, Relating to Tax Refund Offsets

The Department of Taxation strongly supports S.B. 1271, S.D. 1, an Administration measure, and offers the following comments for the Committee's consideration.

S.B. 1271, S.D. 1, clarifies that tax refund offsets may be performed by the Department of Accounting and General Services (DAGS) or the Department of Taxation. S.D. 1 has a defective effective of July 1, 2050.

The statutes relating to tax refund offsets state that DAGS performs the offsets, notifies the debtors, and provides certain information to the claimant agencies. This measure clarifies that these functions may be done by DAGS or Department of Taxation.

Finally, the Department respectfully requests that that effective date be changed to “upon approval” as was written in the original version of this measure.

Thank you for the opportunity to provide testimony in support of this measure.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

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SUBJECT: ADMINISTRATION, Tax Refund Offsets

BILL NUMBER: SB 1271, SD-1

INTRODUCED BY: Senate Committee on Ways & Means

EXECUTIVE SUMMARY: Allows tax refund offsets to be performed by DAGS and DOTAX.

SYNOPSIS: Amends sections 231-53, 231-54 and 231-57.5, HRS, to the effect that tax refund offsets may be performed by DAGS and DOTAX.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Taxation and designated TAX-05 (19).

DOTAX can determine the amount of taxes that have been overpaid, but by itself it has no authority to cut a check to a taxpayer. The actual check is cut by DAGS.

When it turns out that the taxpayer owes money to another state agency, the refund can be intercepted to satisfy the other debt. However, apparently there has been confusion as to which agency has the authority to effect the intercept.

This bill addresses the issue by saying that either agency can do it.

Digested 4/3/2019



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

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WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE ON WAYS AND MEANS
ON
APRIL 4, 2019, 2:05 P.M.
CONFERENCE ROOM 308, STATE CAPITOL

S.B. 1271, SD1
RELATING TO TAX REFUND OFFSETS

Chair Luke, Vice Chair Cullen and Members of the Committee, thank you for the opportunity to testify on S.B. 1271, SD1.

The Department of Accounting and General Services (DAGS) strongly supports this bill and offers the following comments for your consideration.

The Department of Taxation has the ability to offset the tax refunds, notify the debtors and provide letters to the claimant agency. The collaboration between DAGS, the Department of Taxation and CSEA has been working successful since its implementation and further clarifies that the tax refund offsets may be performed by DAGS or the Department of Taxation.

Thank you for the opportunity to testify on this matter.