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

Date: Wednesday, February 6, 2019  
Time: 2:00 P.M.  
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: H.B. 1045, Relating to Tax Refund Offsets

The Department of Taxation strongly supports H.B. 1045, an Administration measure, and offers the following comments for the Committee's consideration.

H.B. 1045 clarifies that tax refund offsets may be performed by the Department of Accounting and General Services (DAGS) and the Department of Taxation. The bill is effective upon its approval.

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.

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

# TAX FOUNDATION OF HAWAII

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SUBJECT: ADMINISTRATION, Tax Refund Offsets

BILL NUMBER: HB 1045; SB 1271 (Identical)

INTRODUCED BY: HB by SAIKI by request; SB by KOUCHI by request

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: Upon approval.

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 2/4/2019