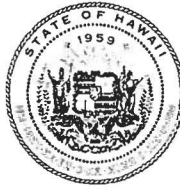


JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

*Ka 'Oihana 'Auhau*

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GARY S. SUGANUMA  
DIRECTOR OF TAXATION

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

**DEPT. COMM. NO. 351**

January 23, 2023

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


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

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

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

If you have any questions, please feel free to contact me at (808) 587-4242.

Sincerely,

  
Gary S. Suganuma  
Director

Enclosure

**Report on Administratively Created Accounts and Funds**

for Submittal to the 2023 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.

<b>Financial Data for Fiscal Years 2018 - 2022 (in thousands)</b>					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	486	487	487	486	486
Revenues	1	0	(1)	0	0
Interest	0	0	0	0	0
Expenditures	0	0	0	0	0
<b>Transfers</b>					
Net Total Transfers	0	0	0	0	0
Ending Cash Balance	487	487	486	486	486
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	487	487	486	486	486

**Report on Administratively Created Accounts and Funds**

for Submittal to the 2023 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.

<b>Financial Data for Fiscal Years 2018 - 2022 (in thousands)</b>					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	21	121	370	370	1,649
Revenues	100	347	0	2,952	215
Interest	0	0	0	0	0
Expenditures	0	(98)	0	(1,673)	(212)
Transfers					
Net Total Transfers	0	0	0	0	0
Ending Cash Balance	121	370	370	1,649	1,652
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	121	370	370	1,649	1,652

**Report on Administratively Created Accounts and Funds**

for Submittal to the 2023 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.

<b>Financial Data for Fiscal Years 2018 - 2022 (in thousands)</b>					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	48,379	48,552	39,703	4,627	5,736
Revenues	0	1,230	0	1,325	86
Interest	234	402	1,561	120	24
Expenditures	(61)	(10,481)	(36,637)	(336)	(1,022)
Transfers					
Net Total Transfers	0	0	0	0	0
Ending Cash Balance	48,552	39,703	4,627	5,736	4,824
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	48,552	39,703	4,627	5,736	4,824

**Report on Administratively Created Accounts and Funds**

for Submittal to the 2023 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.

<b>Financial Data for Fiscal Years 2018 - 2022 (in thousands)</b>					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	(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
<b>Transfers</b>					
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 2023 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.

<b>Financial Data for Fiscal Years 2018 - 2022 (in thousands)</b>					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	(5,273)	(9,857)	(11,275)	(11,660)	(3,158)
Revenues	8,059,998	8,476,362	8,168,179	8,456,055	10,613,311
Interest	0	0	0	0	0
Expenditures	(8,072,558)	(8,480,697)	(8,173,204)	(8,450,370)	(10,622,742)
Transfers					
Net Total Transfers	7,976	2,917	4,640	2,817	3,307
Ending Cash Balance	(9,857)	(11,275)	(11,660)	(3,158)	(9,282)
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	(9,857)	(11,275)	(11,660)	(3,158)	(9,282)