

**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  
**DEPT. COMM. NO. 329**  
**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

January 10, 2025

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

The Honorable Nadine K. Nakamura  
Speaker and Members of the  
House of Representatives  
Thirty-Third State Legislature  
State Capitol, Room 431  
Honolulu, HI 96813

Dear President Kouchi, Speaker Nakamura, 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/](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,

A handwritten signature in black ink, appearing to read "Gary S. Suganuma", written over a circular stamp or seal.

Gary S. Suganuma  
Director of Taxation

Enclosure

**Report on Administratively Created Accounts and Funds**  
for Submittal to the 2025 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 2020 - 2024 (in thousands)</b>					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	487	486	486	486	486
Revenues	(1)	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	486	486	486	486	486
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	486	486	486	486	486

**Report on Administratively Created Accounts and Funds**  
for Submittal to the 2025 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 2020 - 2024 (in thousands)</b>					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	370	370	1,649	1,652	2,105
Revenues	0	2,952	215	908	157
Interest	0	0	0	0	0
Expenditures	0	(1,673)	(212)	(455)	(150)
Transfers					
Net Total Transfers	0	0	0	0	0
Ending Cash Balance	370	1,649	1,652	2,105	2,112
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	370	1,649	1,652	2,105	2,112

**Report on Administratively Created Accounts and Funds**  
for Submittal to the 2025 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 2020 - 2024 (in thousands)</b>					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	39,703	4,627	5,736	4,824	4,937
Revenues	0	1,325	86	90	191
Interest	1,561	120	24	113	181
Expenditures	(36,637)	(336)	(1,022)	(90)	(37)
Transfers					
Net Total Transfers	0	0	0	1	0
Ending Cash Balance	4,627	5,736	4,824	4,938	5,274
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	4,627	5,736	4,824	4,938	5,274

**Report on Administratively Created Accounts and Funds**  
for Submittal to the 2025 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 2020 - 2024 (in thousands)					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	(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 2025 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 2020 - 2024 (in thousands)</b>					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	(actual)	(actual)	(actual)	(actual)	(actual)
Beginning Cash Balance	(11,275)	(11,660)	(3,158)	(9,282)	1,864
Revenues	8,168,179	8,456,055	10,613,311	11,045,741	11,269,860
Interest	0	0	0	0	0
Expenditures	(8,173,204)	(8,450,370)	(10,622,742)	(11,040,598)	(11,280,056)
Transfers					
Net Total Transfers	4,640	2,817	3,307	6,002	6,360
Ending Cash Balance	(11,660)	(3,158)	(9,282)	1,863	(1,972)
Encumbrances	0	0	0	0	0
Unencumbered Cash Balance	(11,660)	(3,158)	(9,282)	1,863	(1,972)