

EXECUTIVE ORDER NO. 18-05

WHEREAS, sections 231-51 to 231-59, Hawaii Revised Statutes allow for state tax refund intercepts, which permits the retention of state income tax refunds of those persons who:

- Owe a debt to the State,
- Are delinquent in the payment of child support pursuant to section 576D-1, Hawaii Revised Statutes,
- Defaulted on a student loan,
- Owe federal income taxes, or
- Receive a Medicaid overpayment subject to recovery; and

WHEREAS, pursuant to Section 231-53, Hawaii Revised Statutes, the State, through its Department of Accounting and General Services, currently performs all state tax refund intercepts at the request of a claimant agency for any valid debt due against a debtor's refund; and

WHEREAS, the Department of Taxation receives and processes all Hawaii State income tax returns including any returns that result in refunds that require intercept; and

WHEREAS, the Department of Taxation's Tax System Modernization system has the capability to perform the tax refund intercept when the income tax returns are processed by the Department of Taxation; and

WHEREAS, the Department of Accounting and General Services and Department of Taxation agree that the Department of Taxation's Tax System Modernization is able to perform the necessary functions to apply the income tax refund intercepts more efficiently than through the Department of Accounting and General Services; and

WHEREAS, allowing the Department of Taxation to perform the necessary functions to implement state income tax refund intercepts is anticipated to result in higher collection rates of intercepts; and

WHEREAS, the Department of Accounting and General Services will continue to process the income tax refund and state tax refund intercept payments; and

WHEREAS, the Departments of Taxation and Accounting and General Services and the Department of Taxation are directed to enter into an interdepartmental Memorandum of Understanding to utilize this capability with claimant agencies requesting the application of state tax refund intercepts to any valid debt due against a debtor's refund.

NOW, THEREFORE, I, David Y. Ige, Governor of Hawaii, pursuant to my executive authority under articles V and VII of the Constitution of the State of Hawai'i, the provisions of chapter 26 of the Hawaii Revised Statutes, the provisions of chapter 231 of the Hawaii Revised Statutes, and all other applicable authority, do hereby order as follows:

- (1) Section 231-53, Hawaii Revised Statutes, notwithstanding, for the purposes of state income tax refund intercepts, the intercept may be performed by the State, through its Department of Accounting and General Services and its Department of Taxation utilizing the Department of Taxation's Tax System Modernization; and
- (2) The Department of Taxation shall only perform the intercepts upon the condition that there is a valid Memorandum of Understanding in place between the Department of Accounting and General Services, claimant agency, and the Department of Taxation that requires the Department of Taxation to perform the state income tax refund intercepts and generate tax intercept notices to be sent out by the claimant agency, and requires the claimant agency to be responsible

for handling any challenge or appeal of the income tax intercept pursuant to the contested case procedures under HRS § 91-9; and

- (3) All other sections of chapter 231, Hawaii Revised Statutes, shall remain in effect and are not affected by this Executive Order.

IT IS FURTHER ORDERED, that these provisions are subject to amendment by Executive Order.

DONE at the State Capitol,

Honolulu,

State of Hawaii, this 9th

day of

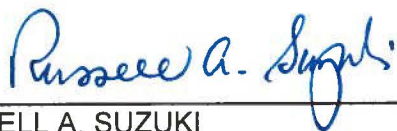
November,

2018



DAVID Y. IGE
Governor

APPROVED AS TO FORM:



RUSSELL A. SUZUKI
Attorney General