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APR 19 2 06 PM '96

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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P. O. BOX 119
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April 18, 1996

COMPTROLLER'S MEMORANDUM NO. 1996-11

TO: Heads of Departments

ATTN.: Fiscal Offices

FROM: Sam Callejo, State Comptroller

SUBJECT: General Contract Matters Relating to Tax Clearances

Effective immediately, departments and agencies are required to submit a copy of the Chapter 42D contract when processing the initial payment for the contract. Currently, departments and agencies are not required to contract encumber these types of contracts and instead process payments via the purchase order method. We have been requested to further our review to ensure that Chapter 42D contractors who are receiving State funds are also filing and paying the necessary taxes. Therefore, we shall return all summary warrant vouchers with no action taken if the initial payment is not accompanied with a copy of the applicable contract.

Additionally, we are reminding departments and agencies that their staff must note when a final payment on a contract is being made. Currently, we have processed departmental payments marked as partial payment only to discover later that the payment was the final payment. The final payment was processed and paid without the tax clearance as required by HRS Section 103-53.

If your staff has any questions, please call Shirley Kaiura at 586-0663.

SAM CALLEJO
State Comptroller

cc: AIR-AF, HAR-SF, HWY-SF, CON, Barbara, Imelda, OMPO