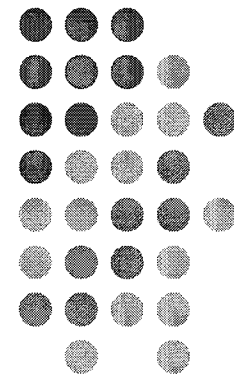
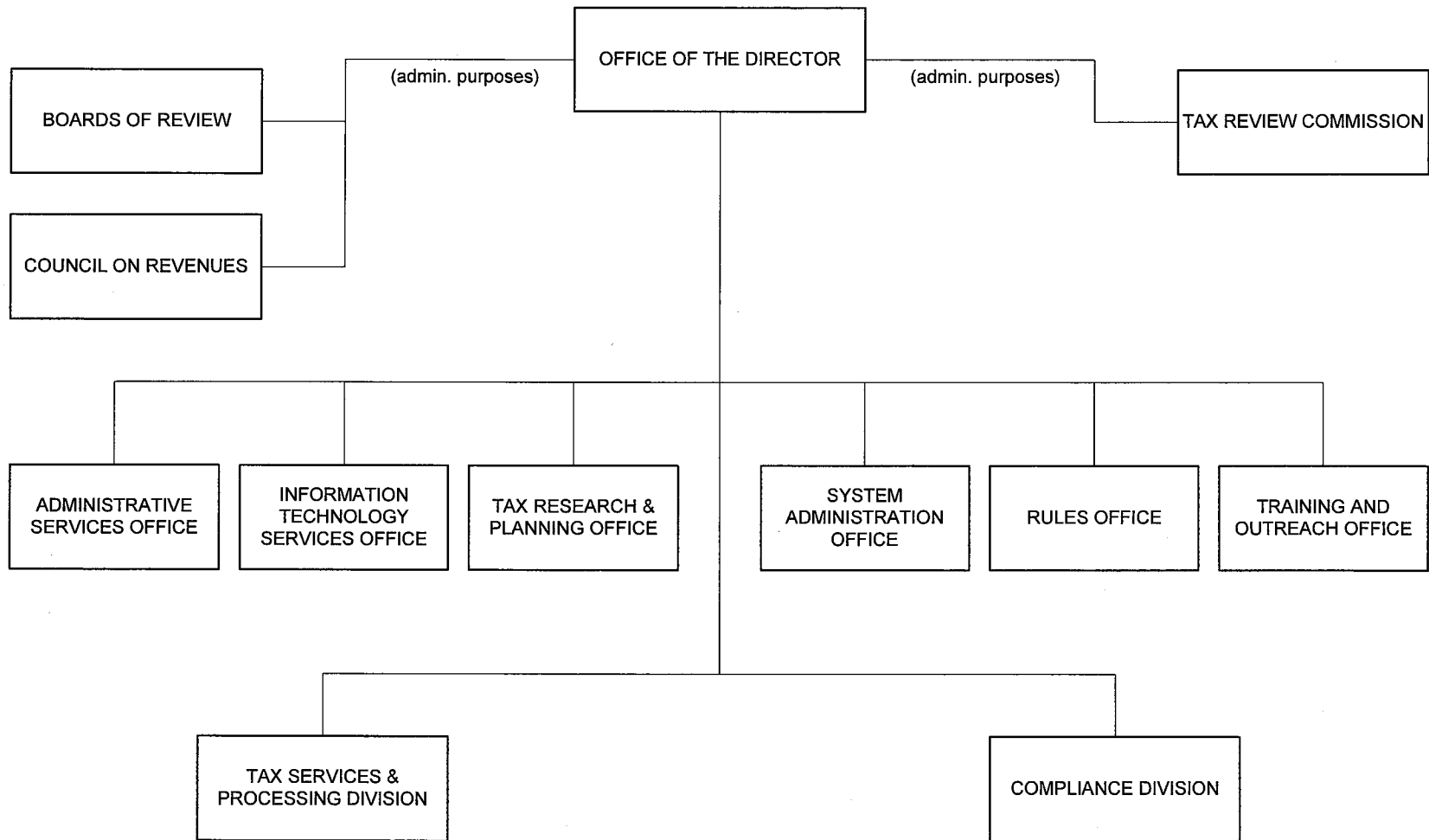

Department of Taxation



STATE OF HAWAII
DEPARTMENT OF TAXATION
ORGANIZATION CHART



DEPARTMENT OF TAXATION

Department Summary

Mission Statement

To administer the tax laws of the State of Hawaii in a consistent, uniform and fair manner.

Department Goals

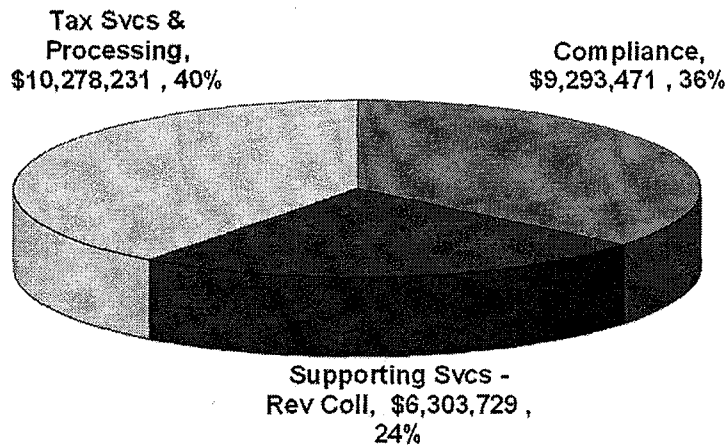
To provide one-stop customer service; to increase collection capabilities through efficient allocation of resources; to simplify filings, provide a more user-friendly interface with the public, and expedite delinquent referrals; to automate tax filings, billings and collections; to expand capacity for research and revenue analysis; to permit more flexibility in law changes and initiatives to improve tax

Significant Measures of Effectiveness

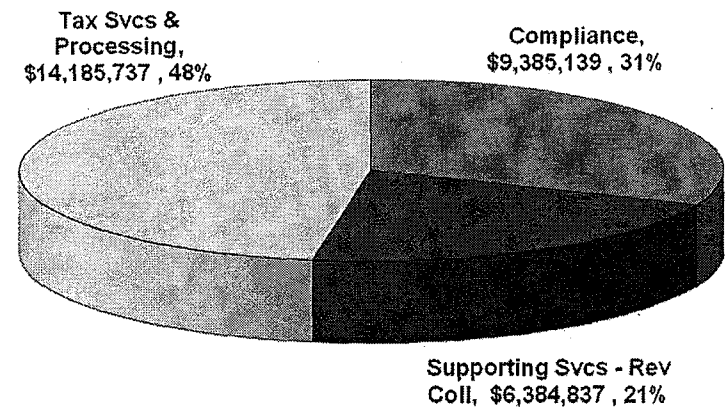
	<u>FY 2014</u>	<u>FY 2015</u>
1. Average call answer rate	71	71
2. Percent of tax returns audited resulting in adjustments	60	60
3. Average business days to deposit checks received from taxpayers	12	12

FB 2013-2015 Operating Budget by Major Program Area

FY 2014



FY 2015



DEPARTMENT OF TAXATION MAJOR FUNCTIONS

- Administers and enforces the tax laws of Hawaii and the collection of taxes and other payments.
- Coordinates a centralized system for receiving and processing of all tax returns, payments and documents.
- Provides one-stop customer service, assistance and information on all taxes administered by the department to customers who walk in, call-in, correspond or e-mail.
- Administers a comprehensive and uniform compliance program based on self-assessment and voluntary compliance.
- Conducts audits and investigations of all types of tax returns.
- Conducts and enforces collection of delinquent taxes by appropriate collection procedures.
- Plans, organizes and coordinates a tax research and tax planning program.
- Provides administrative and research support to the Council on Revenues which prepares revenue estimates for the State on a quarterly basis.

MAJOR PROGRAM AREAS

The Department of Taxation has a program in the following major program area:

Government-Wide Support

TAX 100	Compliance
TAX 105	Tax Services and Processing
TAX 107	Supporting Services – Revenue Collections

**Department of Taxation
(Operating Budget)**

		Budget Base		
		FY 2014	FY 2014	FY 2015
Funding Sources:	Positions	383.00	393.00	393.00
General Funds	\$	22,293,648	24,827,556	28,907,838
		0.00	0.00	0.00
Special Funds		1,047,875	1,047,875	1,047,875
		383.00	393.00	393.00
Total Requirements		23,341,523	25,875,431	29,955,713

Major Adjustments in the Executive Budget Request: (general funds unless noted)

1. Adds 3.00 permanent and 2.00 temporary positions and \$290,214 in FY14 and FY15 to continue positions created in FY13 and funding per Act 189/SLH 2012, for tax reporting.
2. Adds 7.00 permanent and 14.00 temporary positions and \$2,218,966 in FY14 and \$6,277,600 in FY15 for the Tax System Modernization project (New Day Initiative).
3. Adds 1.00 permanent position and \$24,728 in FY14 and \$46,376 in FY15 to restore a position in the Tax Research & Planning Office.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO.

PROGRAM TITLE: DEPARTMENT OF TAXATION

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	373.00*	383.00*	393.00*	393.00*	393.0*	393.0*	393.0*	393.0*
PERSONAL SERVICES	15,284,066	18,953,882	20,541,916	21,218,938	21,218	21,218	21,218	21,218
OTHER CURRENT EXPENSES	2,621,375	3,764,093	5,236,825	8,736,775	8,623	8,623	8,423	8,423
EQUIPMENT	119,469	46,800	96,690					
TOTAL OPERATING COST	18,024,910	22,764,775	25,875,431	29,955,713	29,841	29,841	29,641	29,641
BY MEANS OF FINANCING								
GENERAL FUND	373.00*	383.00*	393.00*	393.00*	393.0*	393.0*	393.0*	393.0*
	17,640,102	21,711,148	24,827,556	28,907,838	28,793	28,793	28,593	28,593
SPECIAL FUND	* 384,808	* 1,053,627	* 1,047,875	* 1,047,875	* 1,048	* 1,048	* 1,048	* 1,048
CAPITAL INVESTMENT APPROPRIATIONS								
DESIGN	33,000		16,000,000	1,000	1			
CONSTRUCTION	300,000		1,000	16,000,000	16,000			
TOTAL CAPITAL APPROPRIATIONS	333,000		16,001,000	16,001,000	16,001			
BY MEANS OF FINANCING								
G.O. BONDS	333,000		16,001,000	16,001,000	16,001			
TOTAL POSITIONS	373.00*	383.00*	393.00*	393.00*	393.00*	393.00*	393.00*	393.00*
TOTAL PROGRAM COST	18,357,910	22,764,775	41,876,431	45,956,713	45,842	29,841	29,641	29,641

**Department of Taxation
(Capital Improvements Budget)**

	<u>FY 2014</u>	<u>FY 2015</u>
Funding Sources:		
General Obligation Bonds	16,001,000	16,001,000
Federal Funds	0	0
Total Requirements	<u>16,001,000</u>	<u>16,001,000</u>

Highlights of the Executive CIP Budget Request: (general obligation bonds unless noted)

1. Adds \$16,001,000 in FY14 and FY15 for the design and construction of the Tax System Modernization Project (New Day Initiative).

STATE OF HAWAII
 PROGRAM ID
 PROGRAM STRUCTURE NO.
 PROGRAM TITLE

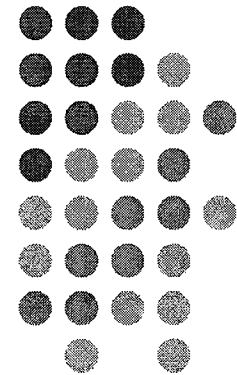
**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
 IN THOUSANDS OF DOLLARS**

REPORT B78
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DEPARTMENT OF TAXATION

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS				
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16		FY 16-17	FY 17-18	FY 18-19	
				DESIGN	16,035		33		16,000		1		1			
				CONSTRUCTION	32,301		300		1	16,000		16,000				
				TOTAL	48,336		333		16,001	16,001		16,001				
				G.O. BONDS	48,336		333		16,001	16,001		16,001				

Operating Budget Details



OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO. 11

PROGRAM TITLE: GOVERNMENT-WIDE SUPPORT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	373.00*	383.00*	393.00*	393.00*	393.0*	393.0*	393.0*	393.0*
PERSONAL SERVICES	15,284,066	18,953,882	20,541,916	21,218,938	21,218	21,218	21,218	21,218
OTHER CURRENT EXPENSES	2,621,375	3,764,093	5,236,825	8,736,775	8,623	8,623	8,423	8,423
EQUIPMENT	119,469	46,800	96,690					
TOTAL OPERATING COST	18,024,910	22,764,775	25,875,431	29,955,713	29,841	29,841	29,641	29,641
BY MEANS OF FINANCING								
GENERAL FUND	17,640,102	21,711,148	24,827,556	28,907,838	28,793	28,793	28,593	28,593
SPECIAL FUND	384,808	1,053,627	1,047,875	1,047,875	1,048	1,048	1,048	1,048
CAPITAL INVESTMENT APPROPRIATIONS								
DESIGN	33,000		16,000,000	1,000	1			
CONSTRUCTION	300,000		1,000	16,000,000	16,000			
TOTAL CAPITAL APPROPRIATIONS	333,000		16,001,000	16,001,000	16,001			
BY MEANS OF FINANCING								
G.O. BONDS	333,000		16,001,000	16,001,000	16,001			
TOTAL POSITIONS	373.00*	383.00*	393.00*	393.00*	393.00*	393.00*	393.00*	393.00*
TOTAL PROGRAM COST	18,357,910	22,764,775	41,876,431	45,956,713	45,842	29,841	29,641	29,641

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: TAX100
 PROGRAM STRUCTURE NO. 11020101
 PROGRAM TITLE: COMPLIANCE

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	179.00*	189.00*	194.00*	194.00*	194.0*	194.0*	194.0*	194.0*
PERSONAL SERVICES	6,880,124	8,388,683	8,769,637	8,870,905	8,870	8,870	8,870	8,870
OTHER CURRENT EXPENSES	144,156	400,102	514,834	514,234	400	400	400	400
EQUIPMENT	10,100	21,800	9,000					
TOTAL OPERATING COST	7,034,380	8,810,585	9,293,471	9,385,139	9,270	9,270	9,270	9,270
BY MEANS OF FINANCING								
GENERAL FUND	179.00*	189.00*	194.00*	194.00*	194.0*	194.0*	194.0*	194.0*
	7,034,380	8,810,585	9,293,471	9,385,139	9,270	9,270	9,270	9,270
TOTAL POSITIONS	179.00*	189.00*	194.00*	194.00*	194.00*	194.00*	194.00*	194.00*
TOTAL PROGRAM COST	7,034,380	8,810,585	9,293,471	9,385,139	9,270	9,270	9,270	9,270

PROGRAM ID: TAX100
 PROGRAM STRUCTURE: 11020101
 PROGRAM TITLE: COMPLIANCE

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. % OF RETURNS AUDITED AS % OF RETURNS FILED	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
2. % OF RETURNS AUDITED RESULTING IN ADJUSTMENTS	86	65	65	65	65	65	65	65
3. % INCR/DECR IN TOTAL DELINQUENT TAXES OUTSTANDING	5	4	4	4	4	4	4	4
PROGRAM TARGET GROUPS								
1. NO. OF ACTIVE BUSINESS LICENSES DURING FISCAL YEAR	573412	575000	575000	575000	575000	575000	575000	575000
2. TOTAL DELINQUENT TAXES OUTSTANDING DURING THE FY	460	478	478	478	478	478	478	478
PROGRAM ACTIVITIES								
1. NUMBER OF RETURNS AUDITED	10510	12700	12700	12700	12700	12700	12700	12700
2. NUMBER OF ASSESSMENTS MADE	8990	9000	9000	9000	9000	9000	9000	9000
3. TOTAL AMOUNT OF COLLECTION MADE WITH ASSESSMENTS	56	21	21	21	21	21	21	21
4. AMOUNT OF DELINQUENT TAXES COLLECTED	206	200	200	200	200	200	200	200
5. NUMBER OF TAX LIENS FILED	5022	7000	7000	7000	7000	7000	7000	7000
6. NUMBER OF LEVIES PROCESSED	20700	15000	15000	15000	15000	15000	15000	15000

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To promote and maintain a tax system based on self-assessment and voluntary compliance by taxpayers through the consistent and fair application of all State tax laws administered by the Department. To reduce the amount of outstanding taxes owed to the State.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The division requests funds for six (6.0) permanent positions (three Tax Return Examiner II and three Delinquent Tax Collection Assistant I positions) and expenses including collection costs allocated from the Attorney General's Collection Section to the Department of Taxation's budget for assisting in the collection of the delinquent accounts and to provide legal advice on the collection process. These six (6.0) permanent positions are being requested to provide assistance and support for the Tax System Modernization (TSM) project. The division also requests to abolish 1.0 permanent position and transfer funds for this position to reduce the negative amount in the Turnover Savings, as prescribed by the budget proviso that the negative personal services amounts shall be allocated to positive personal services amounts.

C. Description of Activities Performed

1. Field Audits – Field audits involve the examination of taxpayers' accounting records, books, and financial statements to ensure appropriate compliance with State tax laws, proper classification of revenues, and acceptable documentation for expenses claimed. The scope of activities for field examinations encompasses assessing tax-deficiencies, refunding overpayments, and prompt resolution of disputes and appeals.
2. Office Audits – Office audits involve the in-depth review of a wide variety of tax returns to ensure accuracy of math computations, proper

reporting of revenues, and reasonableness for expenses claimed. The scope of activities for office examinations is the same as those experienced in field auditing.

3. Collections - Collection of delinquent taxes involves utilizing the appropriate collection tools to secure payment from delinquent taxpayers; providing appropriate representation in bankruptcy proceedings to ensure that the State's claims against bankrupt delinquent taxpayers are timely filed, appropriately recorded, and properly resolved in the bankruptcy proceedings; and preparing "personal" assessments for unpaid withholding taxes against responsible corporate officers and employees.
4. In the neighbor island district offices, the program provides taxpayer assistance and services for a range of functions. Taxpayers are assisted over the counter (walk-ins), and through telephone inquiries and correspondence. The types of services provided include assistance in preparing returns, providing technical information, issuing tax forms and instructions, acceptance of tax returns and payments, and providing public speakers.

D. Statement of Key Policies Pursued

The key policies of this Division are: uniform and equitable administration and application of all appropriate State tax laws to each tax payers; maximum dissemination of tax information to ensure an effective self-assessment program; increasing voluntary compliance with statutory registration and filing requirements, maintaining auditing and collections programs to ensure compliance with tax laws; and proper staff training to ensure sufficient competence to realize uniformity of applications and equity to taxpayers.

E. Identification of Important Program Relationships

The Department of Taxation and the Internal Revenue Service exchange tax information under an agreement signed by the state and federal governments in 1965. Since the income tax laws of both agencies are similar, income tax audits made by one agency are generally applicable to the other resulting in broader audit coverage and additional revenues from deficiency assessments. Under the Multi-State Tax Compact, Hawaii exchanges tax information with other member states and utilizes the services of the multi-state tax auditors in the audit of multi-state corporations. The program has also established relationships with the Federal Bankruptcy Court, the Department of the Attorney General, the Department of Commerce and Consumer Affairs and the Department of Accounting and General Services.

F. Description of Major External Trends Affecting the Program

The statewide population trends, business activities, economic condition, taxpayer filing patterns, and legislative changes are the major external trends that affect this program.

G. Discussion of Cost, Effectiveness, and Program Size Data

To ensure equity and uniformity in the application of tax laws so that each taxpayer bears his fair share of taxes, the Department must have sufficient resources for audit and collection enforcement programs. Additional resources to improve audit and collection activities will increase revenues, reduce delinquent taxes, and encourage voluntary taxpayer compliance.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: TAX105
 PROGRAM STRUCTURE NO. 11020103
 PROGRAM TITLE: TAX SERVICES AND PROCESSING

PROGRAM EXPENDITURES	-IN DOLLARS-				-IN THOUSANDS-			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	122.00*	122.00*	122.00*	122.00*	122.0*	122.0*	122.0*	122.0*
PERSONAL SERVICES	4,689,146	5,633,561	5,912,929	6,003,037	6,003	6,003	6,003	6,003
OTHER CURRENT EXPENSES	148,480	381,800	381,800	381,800	382	382	382	382
EQUIPMENT	462	5,000	9,000					
TOTAL OPERATING COST	4,838,088	6,020,361	6,303,729	6,384,837	6,385	6,385	6,385	6,385
BY MEANS OF FINANCING								
GENERAL FUND	122.00*	122.00*	122.00*	122.00*	122.0*	122.0*	122.0*	122.0*
	4,838,088	6,020,361	6,303,729	6,384,837	6,385	6,385	6,385	6,385
TOTAL POSITIONS	122.00*	122.00*	122.00*	122.00*	122.00*	122.00*	122.00*	122.00*
TOTAL PROGRAM COST	4,838,088	6,020,361	6,303,729	6,384,837	6,385	6,385	6,385	6,385

PROGRAM ID: TAX105
 PROGRAM STRUCTURE: 11020103
 PROGRAM TITLE: TAX SERVICES AND PROCESSING

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. AVE BUSINESS DAYS TO DEPOSIT CHECKS FROM TAXPAYERS	6	6	6	6	6	6	6	6
2. % NON-WORKLISTED REFUNDS COMPLETED IN 45 BUS DAYS	84	90	90	90	90	90	90	90
3. AVERAGE CALL ANSWER RATE	57	60	60	60	60	60	60	60
4. AVE CAL DAYS TO RESPOND TO PAPR/ELEC CORRESPNDNCE	5	5	5	5	5	5	5	5
5. % INC/DEC ELECTRONIC FILINGS OVER PRIOR FISCAL YR	11	8	8	8	8	8	8	8
PROGRAM TARGET GROUPS								
1. NUMBER OF TAXPAYERS FILING SELECTED KEY RETURNS	1038250	1040000	1040000	1040000	1040000	1040000	1040000	1040000
2. NUMBER OF CALLERS REQUESTING PERSONAL ASSISTANCE	244973	250000	250000	250000	250000	250000	250000	250000
3. NO. OF PAPER & ELECTRONIC CORRESPONDENCE RECEIVED	26943	28000	28000	28000	28000	28000	28000	28000
PROGRAM ACTIVITIES								
1. NUMBER OF TAX RETURNS FILED	705611	700000	700000	700000	700000	700000	700000	700000
2. NO. TELEPHONE CALLS SERVICED BY CUSTOMER SVC REP	177367	150000	150000	150000	150000	150000	150000	150000
3. NO. OF PAPER & ELECTRONIC CORRESPONDENCE RECEIVED	25839	26500	26500	26500	26500	26500	26500	26500

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To process all tax documents received in the most efficient and expeditious manner possible; maintain accurate accounting records for all tax programs; and promote voluntary taxpayer compliance through timely delivery of information, forms, and responses to questions and inquiries.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The division requests funds for six (6.0) temporary Tax Clerk positions and expenses. These six (6.0) temporary positions are being requested to provide assistance and support for the Tax System Modernization (TSM) project.

C. Description of Activities Performed

1. Providing Centralized Customer Service, Assistance, and Information on all Taxes Administered by the Department – these functions include responding to general questions relating to income, business, and miscellaneous taxes and procedures; analyzing taxpayer's questions, research, interpretation of law, and development of appropriate correspondences; providing assistance to taxpayers in filing their general excise/use, withholding, transient accommodations, and rental motor vehicle and tour vehicle surcharge tax returns; initiating online changes and corrections to accounting period data and accounts; responding to billing and tax return adjustment inquiries; processing and issuing tax clearances; and receiving and processing requests for tax forms.
2. Issuing Tax Licenses – these functions include assisting taxpayers applying for new or renewed tax licenses, permits, and identification numbers on a statewide basis as they relate to the general excise, withholding, transient accommodations, rental motor vehicle and tour

vehicle surcharge, tobacco, liquor, or fuel taxes; processing miscellaneous tax registration and renewals on a statewide basis; and approving and monitoring applications to purchase cigarette tax stamps.

3. Account Management – this function includes providing computer-based correction activities to the demographic and financial information on a taxpayer's account in order to process, post, or update net income, general excise, use, withholding, transient accommodation, rental motor vehicle and tour vehicle surcharge tax returns; and preparing letters to taxpayers as it relates to correction adjustments.
4. Receiving and Preparing Documents for Cashiering – these functions include opening, sorting, and distributing incoming mail; preparing and delivering outgoing mail; batching documents by tax type; and editing the documents.
5. Processing Documents – these functions include the cashiering and depositing of all monies received; processing of returns and payments received from paper and electronic channels; entering of data into a machine print media; and maintenance and control of documents in the central filing system.
6. Revenue Accounting – these functions include the control and accounting for all tax revenues collected, adjusted, and refunded; maintenance of revenue control and subsidiary ledgers; maintenance of the accounting system for protested payments and tax appeals; and statewide processing and accounting activities of all miscellaneous taxes (except estate and transfer tax).
7. Preparing Statements and Reports of Tax Operations – this function includes gathering, compiling, analyzing, and preparing tax operation statements and reports.

8. Providing Support Services – these functions include duplicating services of tax documents and providing internal mail service and messenger service to other State agencies for the Department.
- D. Statement of Key Policies Pursued
- The key policies pursued by this Division are: rapid deposit of monies, efficient processing of tax returns, accurate and uniform accounting practices statewide, expedient processing of business license application and error-corrections of tax returns and other filings on-line, prompt and courteous service to the public, and fair and equitable treatment of all taxpayers.
- E. Identification of Important Program Relationships
- The Division has important relationships with the legislature, financial institutions, government (federal, state, county) agencies, branches within the Department, tax practitioners and preparers, and taxpayers.
- F. Description of Major External Trends Affecting the Program
- The statewide population trends, business activities, economic conditions, taxpayer filing patterns, Internal Revenue Service, and legislative changes are major external trends that affect this program.
- G. Discussion of Cost, Effectiveness, and Program Size Data
- In carrying out its functions, the program relies heavily on the expertise of its staff, broadly applied cutting-edge technology, and effective partnerships.
- H. Discussion of Program Revenues
- None.
- I. Summary of Analysis Performed
- None.
- J. Further Considerations
- None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: TAX107
 PROGRAM STRUCTURE NO. 11020104
 PROGRAM TITLE: SUPPORTING SERVICES - REVENUE COLLECTION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
OPERATING COST	72.00*	72.00*	77.00*	77.00*	77.0*	77.0*	77.0*	77.0*
PERSONAL SERVICES	3,714,796	4,931,638	5,859,350	6,344,996	6,345	6,345	6,345	6,345
OTHER CURRENT EXPENSES	2,328,739	2,982,191	4,340,191	7,840,741	7,841	7,841	7,641	7,641
EQUIPMENT	108,907	20,000	78,690					
TOTAL OPERATING COST	6,152,442	7,933,829	10,278,231	14,185,737	14,186	14,186	13,986	13,986
BY MEANS OF FINANCING	72.00*	72.00*	77.00*	77.00*	77.0*	77.0*	77.0*	77.0*
GENERAL FUND	5,767,634	6,880,202	9,230,356	13,137,862	13,138	13,138	12,938	12,938
SPECIAL FUND	384,808	1,053,627	1,047,875	1,047,875	1,048	1,048	1,048	1,048
CAPITAL INVESTMENT APPROPRIATIONS								
DESIGN	33,000		16,000,000	1,000	1			
CONSTRUCTION	300,000		1,000	16,000,000	16,000			
TOTAL CAPITAL APPROPRIATIONS	333,000		16,001,000	16,001,000	16,001			
BY MEANS OF FINANCING								
G.O. BONDS	333,000		16,001,000	16,001,000	16,001			
TOTAL POSITIONS	72.00*	72.00*	77.00*	77.00*	77.00*	77.00*	77.00*	77.00*
TOTAL PROGRAM COST	6,485,442	7,933,829	26,279,231	30,186,737	30,187	14,186	13,986	13,986

PROGRAM ID: TAX107
 PROGRAM STRUCTURE: 11020104
 PROGRAM TITLE: SUPPORTING SERVICES - REVENUE COLLECTIONS

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
MEASURES OF EFFECTIVENESS								
1. NO MEASURES HAVE BEEN ESTABLISHED FOR THIS PROG	NA	NA	NA	NA	NA	NA	NA	NA
PROGRAM ACTIVITIES								
1. NUMBER OF TAX LAW CHANGES	12	12	12	12	12	12	12	12
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
TAXES	4,751,386	5,047,867	5,258,210	5,589,988	5,823,688	6,115,600	6,422,193	6,422,193
LICENSES, PERMITS, AND FEES	85,564	19,241	19,258	14,257	1,203	983	943	943
REVENUE FROM OTHER AGENCIES: FEDERAL	15	15	15	15	15	15	15	15
CHARGES FOR CURRENT SERVICES	524	524	524	524	524	524	524	524
TOTAL PROGRAM REVENUES	4,837,489	5,067,647	5,278,007	5,604,784	5,825,430	6,117,122	6,423,675	6,423,675
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	4,836,737	5,066,895	5,277,255	5,604,032	5,824,678	6,116,370	6,422,923	6,422,923
SPECIAL FUNDS	752	752	752	752	752	752	752	752
TOTAL PROGRAM REVENUES	4,837,489	5,067,647	5,278,007	5,604,784	5,825,430	6,117,122	6,423,675	6,423,675

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEMS ERROR.

A. Statement of Program Objectives

To enhance the Department's effectiveness and efficiency in implementing tax programs for formulating policies, allocating resources and providing direction to operations; and to improve the State's policy and decision-making process by providing timely and accurate tax data and interpretive information.

effectiveness. Coordinates Department activities with other government agencies and private enterprises in areas of mutual interest and responsibility.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

The division requests funds for two (2.0) Management Analyst IV, one (1.0) Research Statistician V, one (1.0) Administrative Rules Specialist, and one (1.0) Administrative Appeals Officer positions as authorized by Act 189/12.

The division also requests CIP funds for the Tax System Modernization (TSM) project. This project includes the design and construction of a core computer system for a future replacement of the current tax system, as well as the project consultants for the management of TSM. Operating funds for the TSM project are also requested. These include funds for five (5.0) Rules Specialist, three (3.0) Management Analyst IV, and one (1.0) Management Analyst II positions, and other expenses that will be part of the ongoing operation and maintenance of the new infrastructure, including software licenses and upgrades, security-related equipment and software, and call center system upgrade.

In addition, the division requests funds for one (1.0) Research Statistician IV position and expenses. This position is required to prepare statutorily required studies for providing data to produce revenue estimates for proposed legislation and providing information on Hawaii's taxes.

2. Administrative Services Office – Provides administrative and personnel management support and services to the Department's operating units. Facilitates resource allocation decisions through timely filling of vacancies and proper budgeting of expenditures. Prepares biennium and supplemental budgets based on the goals and objectives set by the Director of Taxation.

3. Information Technology Services Office – Provides technical support and formulates associated policies and procedures for the Department regarding effective information technology solutions. Provides maintenance support for current computer systems and assistance in planning for the Department's information technology requirements.

4. Rules Office – Develops tax interpretations, including rules and regulations, technical memoranda, tax information releases, tax precedents, and basic principles for uniform application of the State tax laws for statewide use. Prepares appropriate tax legislative proposals and written testimonies on all tax measures before the legislature. Develops and coordinates training programs in matters relating to the income and miscellaneous tax laws.

5. Tax Research and Planning Office – (1) Tax Planning. Develops pertinent and timely tax data to assist in the on-going review of the State tax structure. Reviews the revenue and economic impact of all proposed revisions to the tax system. Reviews and incorporates in the pertinent tax plans, all legislative proposals and enactments to meet administrative goals and financial requirements. (2) Revenue Projections. Evaluates and revises the tax revenue forecasts for the state and county general and special funds. Develops and updates

C. Description of Activities Performed

1. Director's Office – Provides administrative direction in implementing the Department's tax programs so as to achieve efficiency and

various forecasting models and databases for tax revenues and personal income. (3) Council on Revenues. Provides general fund estimates for a seven-year period and projects the total state personal income for the calendar year in progress. Reviews general fund estimates quarterly and total state personal income semiannually.

J. Further Considerations

None.

D. Statement of Key Policies Pursued

To maximize the State's income within the limits of established revenue policies and tax laws by administering an equitable system of tax assessment and efficient revenue collection.

E. Identification of Important Program Relationships

Department continues to maintain an important relationship with the legislature, Internal Revenue Service, and tax practitioners.

F. Description of Major External Trends Affecting the Program

The statewide population trends, business activities, economic condition, taxpayer filing patterns, and legislative changes are the major external trends that affect this Department.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

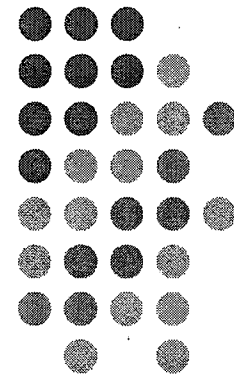
H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

None.

Capital Budget Details



**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS**

PROGRAM ID **TAX-107**
 PROGRAM STRUCTURE NO. **11020104**
 PROGRAM TITLE **SUPPORTING SERVICES - REVENUE COLLECTION**

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS		
						PROJECT TOTAL	PRIOR YRS	FY 11-12	FY 12-13	FY 13-14	FY 14-15		FY 15-16	FY 16-17
1	1		RENOVATION	KEELIKOLANI BLDG, AIR CONDITIONING UPGRADE FOR THE TAX DEPARTMENT'S COMPUTER ROOM, OAHU										
			DESIGN	33		33								
			CONSTRUCTION	300		300								
			TOTAL	333		333								
			G.O. BONDS	333		333								
3	1		NEW	DESIGN AND CONSTRUCTION OF TAX SYSTEM MODERNIZATION (TSM), OAHU										
			DESIGN	16,002				16,000	1	1				
			CONSTRUCTION	32,001				1	16,000	16,000				
			TOTAL	48,003				16,001	16,001	16,001				
			G.O. BONDS	48,003				16,001	16,001	16,001				
PROGRAM TOTALS														
			DESIGN	16,035		33		16,000	1	1				
			CONSTRUCTION	32,301		300		1	16,000	16,000				
			TOTAL	48,336		333		16,001	16,001	16,001				
			G.O. BONDS	48,336		333		16,001	16,001	16,001				