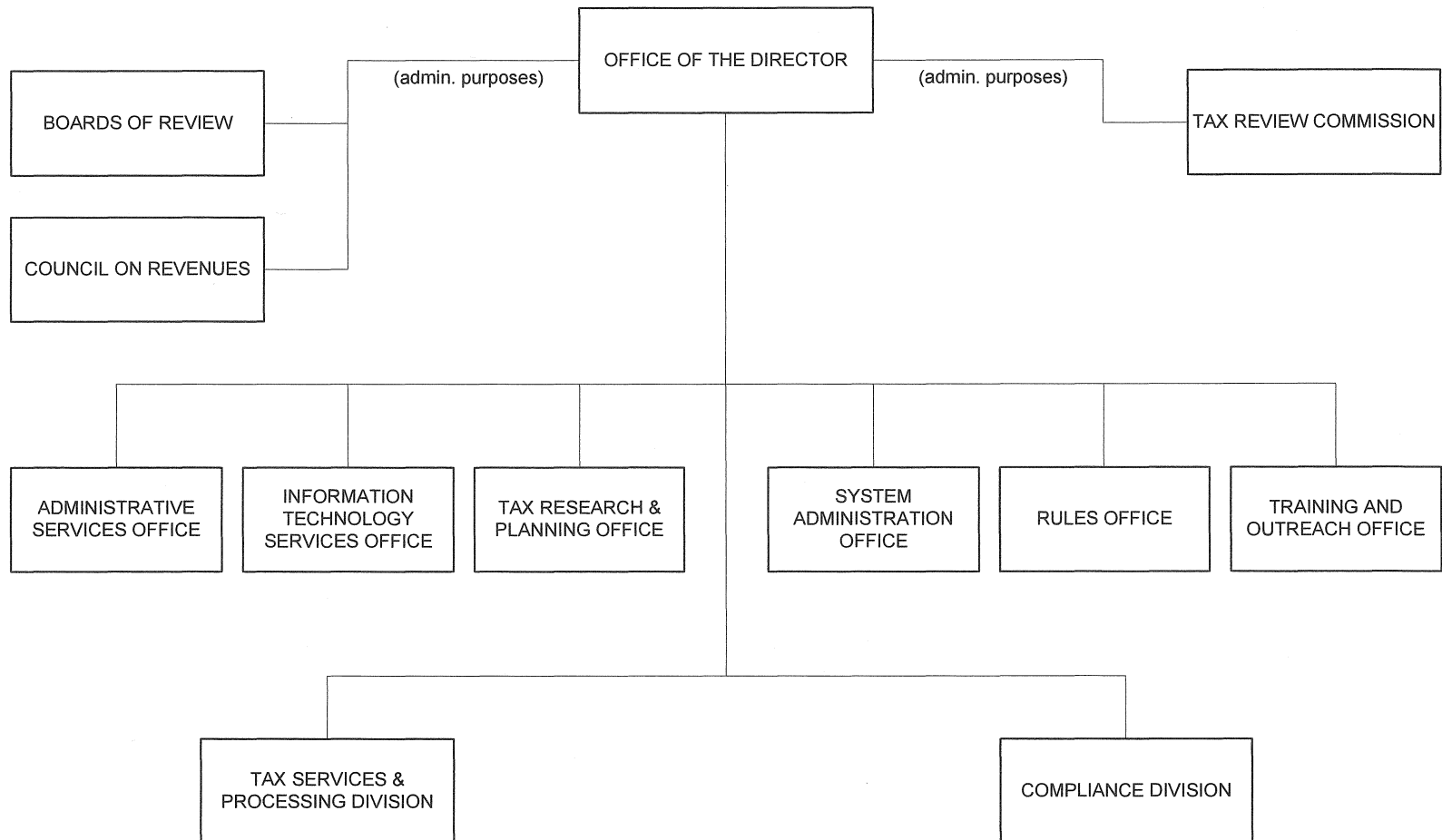




Department of Taxation

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

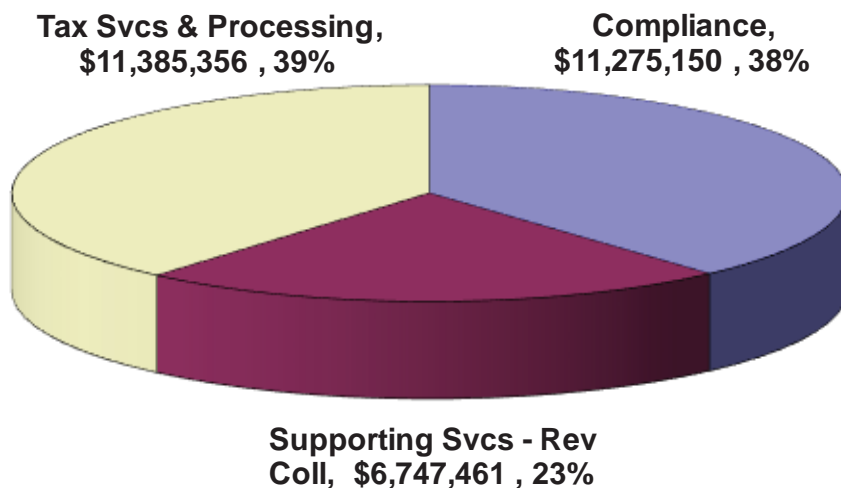
To provide complete customer service; to increase collection capabilities through efficient allocation of resources; to simplify taxpayer filings, provide a more user-friendly interface with the public, and expedite delinquent referrals; to automate tax filings, billings and collections; to expand capacity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

Significant Measures of Effectiveness

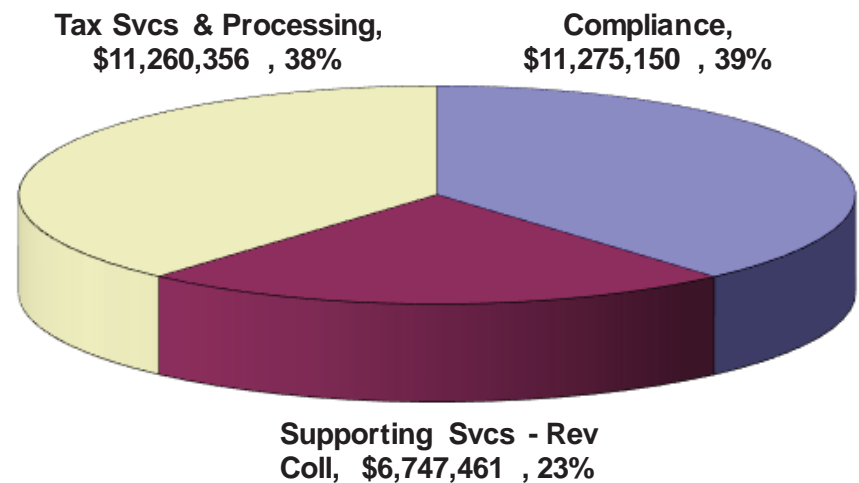
	<u>FY 2018</u>	<u>FY 2019</u>
1. Average annual percentage call answer rate	75	75
2. Percent of tax returns audited resulting in adjustments	53	53
3. Average business days to deposit checks received from taxpayers	8	8

FB 2017-2019 Operating Budget by Major Program Area

FY 2018



FY 2019



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 complete 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 Collection

**Department of Taxation
(Operating Budget)**

		Budget Base FY 2018	Budget Base FY 2019	FY 2018	FY 2019
Funding Sources:	Perm Positions	388.00	388.00	388.00	388.00
	Temp Positions	143.00	143.00	143.00	143.00
General Funds	\$	28,451,266	28,451,266	28,335,298	28,210,298
Special Funds	Perm Positions	-	-	-	-
	Temp Positions	7.00	7.00	7.00	7.00
	\$	1,072,669	1,072,669	1,072,669	1,072,669
		388.00	388.00	388.00	388.00
		150.00	150.00	150.00	150.00
Total Requirements		29,523,935	29,523,935	29,407,967	29,282,967

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

1. Reduces \$281,000 in FY18 and \$406,000 in FY19 from Tax System Modernization Project.
2. Adds \$106,032 in FY 18 and FY 19 to fully fund positions authorized in Act 124/SLH 2016.
3. Adds \$59,000 in FY 18 and FY 19 for safety and security services for DoTax, Statewide.

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

DEPARTMENT OF TAXATION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
PERSONAL SERVICES	22,260,602	22,853,691	23,727,542	23,727,542	23,726	23,726	23,726	23,726
OTHER CURRENT EXPENSES	7,425,425	5,902,425	5,680,425	5,555,425	5,556	5,556	5,556	5,556
TOTAL OPERATING COST	29,686,027	28,756,116	29,407,967	29,282,967	29,282	29,282	29,282	29,282
BY MEANS OF FINANCING								
	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	144.00**	144.00**	143.00**	143.00**	143.0**	143.0**	143.0**	143.0**
GENERAL FUND	28,622,923	27,687,019	28,335,298	28,210,298	28,210	28,210	28,210	28,210
	*	*	*	*	*	*	*	*
	6.00**	6.00**	7.00**	7.00**	7.0**	7.0**	7.0**	7.0**
SPECIAL FUND	1,063,104	1,069,097	1,072,669	1,072,669	1,072	1,072	1,072	1,072
CAPITAL IMPROVEMENT COSTS								
DESIGN	15,429,000	1,000	20,000					
CONSTRUCTION	2,001,000	5,472,000	11,366,000	8,163,000	3,847	4,830		
EQUIPMENT			120,000					
TOTAL CAPITAL EXPENDITURES	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
BY MEANS OF FINANCING								
G.O. BONDS	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
TOTAL PERM POSITIONS	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
TOTAL TEMP POSITIONS	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
TOTAL PROGRAM COST	47,116,027	34,229,116	40,913,967	37,445,967	33,129	34,112	29,282	29,282

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

	<u>FY 2018</u>	<u>FY 2019</u>
Funding Sources:		
General Obligation Bonds	19,345,000	-
Total Requirements	<u>19,345,000</u>	<u>-</u>

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

1. Adds \$18,845,000 in FY18 for the design and construction of the Tax System Modernization Project.
2. Adds \$500,000 in FY18 for infrastructure and equipment for the safety and security of DoTax, Statewide.

STATE OF HAWAII

PROGRAM ID

PROGRAM STRUCTURE NO.

PROGRAM TITLE

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

REPORT B78

PAGE 297

DEPARTMENT OF TAXATION

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD								SUCCEED YEARS
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	
			DESIGN	16,021	16,001			20						
			CONSTRUCTION	35,678	16,001	472		19,205						
			EQUIPMENT	120				120						
			TOTAL	51,819	32,002	472		19,345						
			G.O. BONDS	51,819	32,002	472		19,345						



Operating Budget Details

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO: 11
PROGRAM TITLE: GOVERNMENT-WIDE SUPPORT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
PERSONAL SERVICES	22,260,602	22,853,691	23,727,542	23,727,542	23,726	23,726	23,726	23,726
OTHER CURRENT EXPENSES	7,425,425	5,902,425	5,680,425	5,555,425	5,556	5,556	5,556	5,556
TOTAL OPERATING COST	29,686,027	28,756,116	29,407,967	29,282,967	29,282	29,282	29,282	29,282
BY MEANS OF FINANCING								
	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	144.00**	144.00**	143.00**	143.00**	143.0**	143.0**	143.0**	143.0**
GENERAL FUND	28,622,923	27,687,019	28,335,298	28,210,298	28,210	28,210	28,210	28,210
	*	*	*	*	*	*	*	*
	6.00**	6.00**	7.00**	7.00**	7.0**	7.0**	7.0**	7.0**
SPECIAL FUND	1,063,104	1,069,097	1,072,669	1,072,669	1,072	1,072	1,072	1,072
CAPITAL IMPROVEMENT COSTS								
DESIGN	15,429,000	1,000	20,000					
CONSTRUCTION	2,001,000	5,472,000	11,366,000	8,163,000	3,847	4,830		
EQUIPMENT			120,000					
TOTAL CAPITAL EXPENDITURES	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
BY MEANS OF FINANCING								
G.O. BONDS	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
TOTAL PERM POSITIONS	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
TOTAL TEMP POSITIONS	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
TOTAL PROGRAM COST	47,116,027	34,229,116	40,913,967	37,445,967	33,129	34,112	29,282	29,282

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO: 1102
PROGRAM TITLE: FISCAL MANAGEMENT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
PERSONAL SERVICES	22,260,602	22,853,691	23,727,542	23,727,542	23,726	23,726	23,726	23,726
OTHER CURRENT EXPENSES	7,425,425	5,902,425	5,680,425	5,555,425	5,556	5,556	5,556	5,556
TOTAL OPERATING COST	29,686,027	28,756,116	29,407,967	29,282,967	29,282	29,282	29,282	29,282
BY MEANS OF FINANCING								
	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	144.00**	144.00**	143.00**	143.00**	143.0**	143.0**	143.0**	143.0**
GENERAL FUND	28,622,923	27,687,019	28,335,298	28,210,298	28,210	28,210	28,210	28,210
	*	*	*	*	*	*	*	*
	6.00**	6.00**	7.00**	7.00**	7.0**	7.0**	7.0**	7.0**
SPECIAL FUND	1,063,104	1,069,097	1,072,669	1,072,669	1,072	1,072	1,072	1,072
CAPITAL IMPROVEMENT COSTS								
DESIGN	15,429,000	1,000	20,000					
CONSTRUCTION	2,001,000	5,472,000	11,366,000	8,163,000	3,847	4,830		
EQUIPMENT			120,000					
TOTAL CAPITAL EXPENDITURES	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
BY MEANS OF FINANCING								
G.O. BONDS	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
TOTAL PERM POSITIONS	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
TOTAL TEMP POSITIONS	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
TOTAL PROGRAM COST	47,116,027	34,229,116	40,913,967	37,445,967	33,129	34,112	29,282	29,282

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO: 110201

PROGRAM TITLE: REVENUE COLLECTION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
PERSONAL SERVICES	22,260,602	22,853,691	23,727,542	23,727,542	23,726	23,726	23,726	23,726
OTHER CURRENT EXPENSES	7,425,425	5,902,425	5,680,425	5,555,425	5,556	5,556	5,556	5,556
TOTAL OPERATING COST	29,686,027	28,756,116	29,407,967	29,282,967	29,282	29,282	29,282	29,282
BY MEANS OF FINANCING								
	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
	144.00**	144.00**	143.00**	143.00**	143.0**	143.0**	143.0**	143.0**
GENERAL FUND	28,622,923	27,687,019	28,335,298	28,210,298	28,210	28,210	28,210	28,210
	*	*	*	*	*	*	*	*
	6.00**	6.00**	7.00**	7.00**	7.0**	7.0**	7.0**	7.0**
SPECIAL FUND	1,063,104	1,069,097	1,072,669	1,072,669	1,072	1,072	1,072	1,072
CAPITAL IMPROVEMENT COSTS								
DESIGN	15,429,000	1,000	20,000					
CONSTRUCTION	2,001,000	5,472,000	11,366,000	8,163,000	3,847	4,830		
EQUIPMENT			120,000					
TOTAL CAPITAL EXPENDITURES	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
BY MEANS OF FINANCING								
G.O. BONDS	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
TOTAL PERM POSITIONS	384.00*	388.00*	388.00*	388.00*	388.0*	388.0*	388.0*	388.0*
TOTAL TEMP POSITIONS	150.00**	150.00**	150.00**	150.00**	150.0**	150.0**	150.0**	150.0**
TOTAL PROGRAM COST	47,116,027	34,229,116	40,913,967	37,445,967	33,129	34,112	29,282	29,282

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	190.00*	195.00*	195.00*	195.00*	195.0*	195.0*	195.0*	195.0*
	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
PERSONAL SERVICES	9,590,914	9,817,204	10,316,916	10,316,916	10,317	10,317	10,317	10,317
OTHER CURRENT EXPENSES	958,234	958,234	958,234	958,234	959	959	959	959
TOTAL OPERATING COST	10,549,148	10,775,438	11,275,150	11,275,150	11,276	11,276	11,276	11,276
BY MEANS OF FINANCING								
	190.00*	195.00*	195.00*	195.00*	195.0*	195.0*	195.0*	195.0*
	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
GENERAL FUND	10,549,148	10,775,438	11,275,150	11,275,150	11,276	11,276	11,276	11,276
TOTAL PERM POSITIONS	190.00*	195.00*	195.00*	195.00*	195.0*	195.0*	195.0*	195.0*
TOTAL TEMP POSITIONS	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
TOTAL PROGRAM COST	10,549,148	10,775,438	11,275,150	11,275,150	11,276	11,276	11,276	11,276

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<u>MEASURES OF EFFECTIVENESS</u>								
1. % OF RETURNS AUDITED AS % OF RETURNS FILED	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
2. % OF RETURNS AUDITED RESULTING IN ADJUSTMENTS	50	50	53	53	53	53	53	53
3. % INCR/DECR IN TOTAL DELINQUENT TAXES OUTSTANDING	4	4	4	4	4	4	4	4
<u>PROGRAM TARGET GROUPS</u>								
1. NO. OF ACTIVE BUSINESS LICENSES DURING FISCAL YEAR	625000	625000	625000	625000	625000	625000	625000	625000
2. TOTAL DELINQUENT TAXES OUTSTANDING DURING THE FY	430	430	430	430	430	430	430	430
<u>PROGRAM ACTIVITIES</u>								
1. NUMBER OF RETURNS AUDITED	21700	21700	21700	21700	21700	21700	21700	21700
2. NUMBER OF ASSESSMENTS MADE	11200	11200	11200	11200	11200	11200	11200	11200
3. TOTAL AMOUNT OF COLLECTION MADE WITH ASSESSMENTS	16	16	16	16	16	16	16	16
4. AMOUNT OF DELINQUENT TAXES COLLECTED	200	200	200	200	200	200	200	200
5. NUMBER OF TAX LIENS FILED	3500	3500	3500	3500	3500	3500	3500	3500
6. NUMBER OF LEVIES PROCESSED	16000	16000	16000	16000	16000	16000	16000	16000

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

Program Plan Narrative

TAX100: COMPLIANCE

11 02 01 01

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)

Six months funding for five (5) new legislative approved Tax Return Examiner positions: (2) Oahu, (1) Big Island, (1) Kauai, (1) Maui. Additional six months of funding will provide full year funding for the positions. These positions were approved in FY16's Supplemental Budget Request.

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 examination and assessment of out-of-state taxpayers.

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.

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.

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. Each district office also performs field audit, office audit, and collections activities.

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 all taxpayers; 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 uniformity and consistency 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

Program Plan Narrative

TAX100: COMPLIANCE

11 02 01 01

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 EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	118.00*	118.00*	118.00*	118.00*	118.0*	118.0*	118.0*	118.0*
	120.00**	120.00**	120.00**	120.00**	120.0**	120.0**	120.0**	120.0**
PERSONAL SERVICES	6,095,459	6,117,021	6,365,661	6,365,661	6,365	6,365	6,365	6,365
OTHER CURRENT EXPENSES	476,800	381,800	381,800	381,800	382	382	382	382
TOTAL OPERATING COST	6,572,259	6,498,821	6,747,461	6,747,461	6,747	6,747	6,747	6,747
BY MEANS OF FINANCING								
	118.00*	118.00*	118.00*	118.00*	118.0*	118.0*	118.0*	118.0*
	120.00**	120.00**	120.00**	120.00**	120.0**	120.0**	120.0**	120.0**
GENERAL FUND	6,572,259	6,498,821	6,747,461	6,747,461	6,747	6,747	6,747	6,747
TOTAL PERM POSITIONS	118.00*	118.00*	118.00*	118.00*	118.0*	118.0*	118.0*	118.0*
TOTAL TEMP POSITIONS	120.00**	120.00**	120.00**	120.00**	120.0**	120.0**	120.0**	120.0**
TOTAL PROGRAM COST	6,572,259	6,498,821	6,747,461	6,747,461	6,747	6,747	6,747	6,747

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<u>MEASURES OF EFFECTIVENESS</u>								
1. AVE BUSINESS DAYS TO DEPOSIT CHECKS FROM TAXPAYERS	8	8	8	8	8	8	8	8
2. % NON-WORKLISTED REFUNDS COMPLETED IN 45 BUS DAYS	90	90	90	90	90	90	90	90
3. AVERAGE CALL ANSWER RATE	55	55	75	75	75	75	75	75
4. AVE CAL DAYS TO RESPOND TO PAPR/ELEC CORRESPONDENCE	7	7	7	7	7	7	7	7
5. % INC/DEC ELECTRONIC FILINGS OVER PRIOR FISCAL YR	10	10	10	10	10	10	10	10
<u>PROGRAM TARGET GROUPS</u>								
1. NUMBER OF TAXPAYERS FILING SELECTED KEY RETURNS	1100000	1100000	1100000	1100000	1100000	1100000	1100000	1100000
2. NUMBER OF CALLERS REQUESTING PERSONAL ASSISTANCE	270000	270000	270000	270000	270000	270000	270000	270000
3. NO. OF PAPER & ELECTRONIC CORRESPONDENCE RECEIVED	28000	28000	28000	28000	28000	28000	28000	28000
<u>PROGRAM ACTIVITIES</u>								
1. NUMBER OF TAX RETURNS FILED	750000	750000	750000	750000	750000	750000	750000	750000
2. NO. TELEPHONE CALLS SERVICED BY CUSTOMER SVC REP	125000	125000	125000	125000	125000	125000	125000	125000
3. NO. OF PAPER & ELECTRONIC CORRESPONDENCE RECEIVED	27000	27000	27000	27000	27000	27000	27000	27000

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

Program Plan Narrative

TAX105: TAX SERVICES AND PROCESSING

11 02 01 03

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)

None.

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 taxpayers' 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.

Program Plan Narrative

TAX105: TAX SERVICES AND PROCESSING

11 02 01 03

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 EXPENDITURES

REPORT: P61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

TAX107
11020104
SUPPORTING SERVICES - REVENUE COLLECTION

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
OPERATING COST	76.00*	75.00*	75.00*	75.00*	75.0*	75.0*	75.0*	75.0*
	25.00**	25.00**	25.00**	25.00**	25.0**	25.0**	25.0**	25.0**
PERSONAL SERVICES	6,574,229	6,919,466	7,044,965	7,044,965	7,044	7,044	7,044	7,044
OTHER CURRENT EXPENSES	5,990,391	4,562,391	4,340,391	4,215,391	4,215	4,215	4,215	4,215
TOTAL OPERATING COST	12,564,620	11,481,857	11,385,356	11,260,356	11,259	11,259	11,259	11,259
BY MEANS OF FINANCING								
	76.00*	75.00*	75.00*	75.00*	75.0*	75.0*	75.0*	75.0*
	19.00**	19.00**	18.00**	18.00**	18.0**	18.0**	18.0**	18.0**
GENERAL FUND	11,501,516	10,412,760	10,312,687	10,187,687	10,187	10,187	10,187	10,187
	*	*	*	*	*	*	*	*
	6.00**	6.00**	7.00**	7.00**	7.0**	7.0**	7.0**	7.0**
SPECIAL FUND	1,063,104	1,069,097	1,072,669	1,072,669	1,072	1,072	1,072	1,072
CAPITAL IMPROVEMENT COSTS								
DESIGN	15,429,000	1,000	20,000					
CONSTRUCTION	2,001,000	5,472,000	11,366,000	8,163,000	3,847	4,830		
EQUIPMENT			120,000					
TOTAL CAPITAL EXPENDITURES	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
BY MEANS OF FINANCING								
G.O. BONDS	17,430,000	5,473,000	11,506,000	8,163,000	3,847	4,830		
TOTAL PERM POSITIONS	76.00*	75.00*	75.00*	75.00*	75.0*	75.0*	75.0*	75.0*
TOTAL TEMP POSITIONS	25.00**	25.00**	25.00**	25.00**	25.0**	25.0**	25.0**	25.0**
TOTAL PROGRAM COST	29,994,620	16,954,857	22,891,356	19,423,356	15,106	16,089	11,259	11,259

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

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
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	5,887,217	6,183,805	6,496,322	6,823,627	7,133,773	7,456,475	7,794,076	7,794,076
LICENSES, PERMITS, AND FEES	16,266	16,269	16,270	16,268	16,265	16,262	16,259	16,259
REVENUE FROM OTHER AGENCIES: FEDERAL	15	15	15	15	15	15	15	15
CHARGES FOR CURRENT SERVICES	3,542	3,024	3,024	3,024	3,024	3,024	3,024	3,024
TOTAL PROGRAM REVENUES	5,907,040	6,203,113	6,515,631	6,842,934	7,153,077	7,475,776	7,813,374	7,813,374
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	5,903,297	6,199,861	6,512,379	6,839,682	7,149,825	7,472,524	7,810,122	7,810,122
SPECIAL FUNDS	3,743	3,252	3,252	3,252	3,252	3,252	3,252	3,252
TOTAL PROGRAM REVENUES	5,907,040	6,203,113	6,515,631	6,842,934	7,153,077	7,475,776	7,813,374	7,813,374

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

Program Plan Narrative

TAX107: SUPPORTING SERVICES - REVENUE COLLECTION

11 02 01 04

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.

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

Operational funding for additional security and safeguards (armored car service/security guards) to assist with cash handling of Medical Marijuana deposits.

Tax System Modernization (TSM) Operating Fund one time reduction based on projected cost savings for FY 18-19.

CIP continued funding for FAST (TSM) contract implementation costs.

CIP funding for the design and construction of infrastructure and equipment relating to Medical Marijuana cash handling.

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

2. Administrative Services Office - Provides administrative and personnel management support and services to the Department's operating units. Facilitates resource allocation decisions through the 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 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.

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

The 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

Program Plan Narrative

TAX107: SUPPORTING SERVICES - REVENUE COLLECTION

11 02 01 04

None.

H. Discussion of Program Revenues

None.

I. Summary of Analysis Performed

None.

J. Further Considerations

None.



Capital Budget Details

STATE OF HAWAII

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

REPORT 878

PROGRAM ID

TAX-107

PAGE 183

PROGRAM STRUCTURE NO. 11020104

PROGRAM TITLE

SUPPORTING SERVICES - REVENUE COLLECTION

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE				BUDGET PERIOD					SUCCEED YEARS	
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21		FY 21-22
3	1		NEW	TAX SYSTEM MODERNIZATION (TSM), STATEWIDE										
		DESIGN	16,001	16,001										
		CONSTRUCTION	34,846	16,001			18,845							
		TOTAL	50,847	32,002			18,845							
		G.O. BONDS	50,847	32,002			18,845							
4	2		NEW	KEELIKOLANI BUILDING RENOVATIONS, OAHU										
		CONSTRUCTION	472		472									
		TOTAL	472		472									
		G.O. BONDS	472		472									
6	2		NEW	INFRASTRUCTURE AND EQUIPMENT FOR THE SAFETY AND SECURITY OF DOTAX, STATEWIDE										
		DESIGN	20				20							
		CONSTRUCTION	360				360							
		EQUIPMENT	120				120							
		TOTAL	500				500							
		G.O. BONDS	500				500							
PROGRAM TOTALS														
			DESIGN	16,021	16,001			20						
			CONSTRUCTION	35,678	16,001	472		19,205						
			EQUIPMENT	120				120						
			TOTAL	51,819	32,002	472		19,345						
			G.O. BONDS	51,819	32,002	472		19,345						