

Narrative for Supplemental Budget Requests

FY 2021

Program ID: TAX 107

Program Structure Level: 11 02 01 04

Program Title: SUPPORTING SERVICES - REVENUE COLLECTION

A. Program Objective

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

1. Request for additional appropriations to cover the 5% central services expenses pursuant to Section 36-27, HRS, for the Special Enforcement Section (SES).
2. Request for funds for the Tax Review Commission (TRC). The TRC conducts a systematic review of the State's tax structure every five years in accordance with Article VII, Section 3 of Hawaii's Constitution.

C. Reasons for Request

1. Section 36-27, HRS, requires 5% of all revenues of a special fund to be paid to the general fund. This request for appropriation is to cover this 5% requirement. The tax administration special fund established under Section 235-20.5, HRS, (special fund) into which the revenue collected by the Special Enforcement Section (SES) are deposited, allows a maximum of \$2 million on the amount collected by SES to be spent on SES operations. Any excess revenue deposited into the special fund is required to be deposited to the general fund under Section 235-20.5(a)(2), HRS. Without this appropriation, the 5% would need to come from the \$2 million allocated to SES operations.
2. The Tax Review Commission (TRC) is charged under Section 232 E-3 of the Hawaii Revised Statutes (HRS) with conducting a systematic review of Hawaii's tax structure, using such standards as equity and efficiency. Thirty days prior to the convening of the second regular session of the Legislature after the members of the Commission have been appointed, the Commission shall submit to the Legislature an evaluation of the State's tax structure and recommend revenue and tax policy. The funds will be used for administrative expenses of the Commission as well as to contract for the performance of studies and other research.

D. Significant Changes to Measures of Effectiveness and Program Size

None.