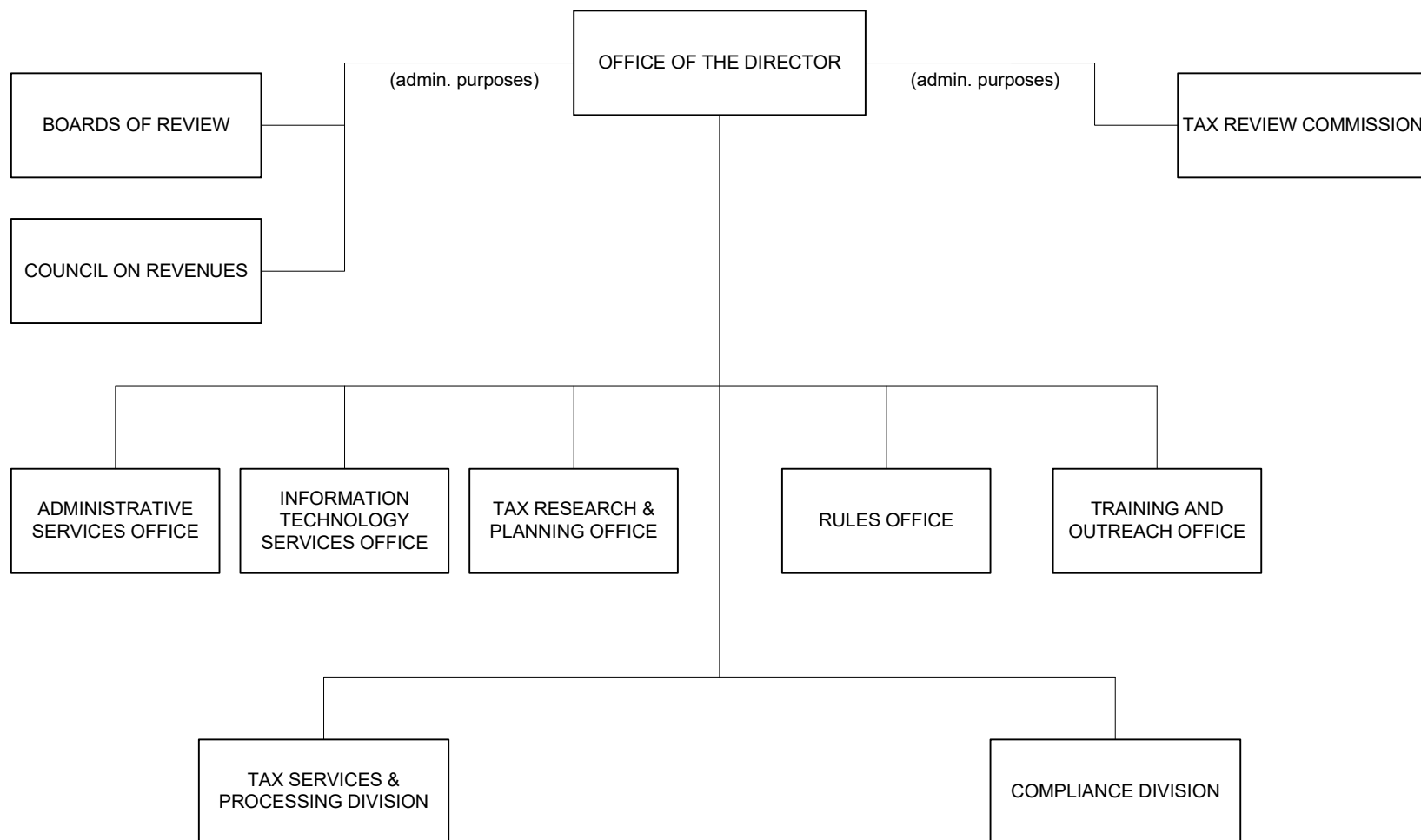




Department of Taxation

**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

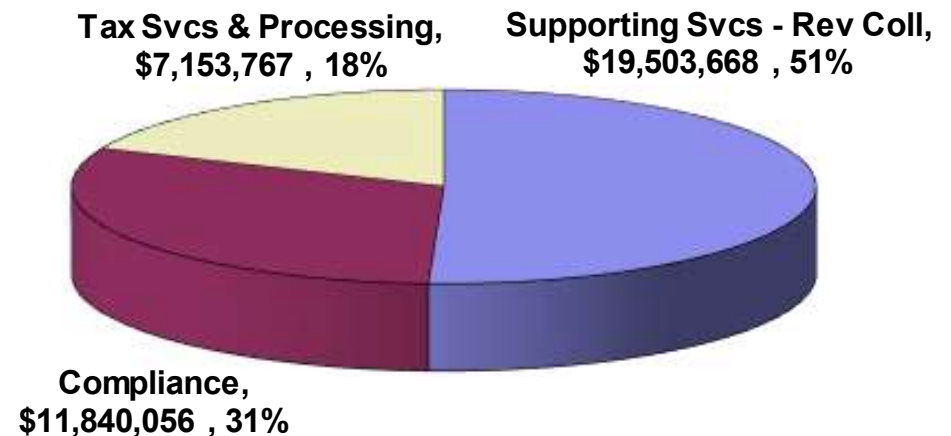
To provide complete customer service; to increase collection capabilities through efficient allocation of resources; to simplify taxpayer filings, provide a more user-friendly interface with the public, and expedite delinquent referrals; to automate tax filings, billings and collections; to expand capacity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

FY 2021 Supplemental Operating Budget Adjustments by Major Program

Supporting
Svcs - Rev Coll
\$650,000



FY 2021 Supplemental Operating Budget



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**

			Act 5/2019 + other budget acts FY 2020	Act 5/2019 + other budget acts FY 2021	FY 2020 Adjustments	FY 2021 Adjustments	Total FY 2020	Total FY 2021
Funding Sources:	Positions	Perm	401.00	401.00	-	6.00	401.00	407.00
		Temp	117.00	117.00	-	(6.00)	117.00	111.00
General Funds		\$	33,542,355	34,702,355	-	250,000	33,542,355	34,952,355
		Perm	-	-	-	-	-	-
		Temp	13.00	13.00	-	-	13.00	13.00
Special Funds		\$	3,145,136	3,145,136	-	400,000	3,145,136	3,545,136
		Perm	401.00	401.00	-	6.00	401.00	407.00
		Temp	130.00	130.00	-	(6.00)	130.00	124.00
Total Requirements		\$	36,687,491	37,847,491	-	650,000	36,687,491	38,497,491

Highlights: (general funds and FY 21 unless otherwise noted)

1. Adds \$400,000 in special funds to cover central service expenses for the Tax Administration Special Fund.
2. Adds \$250,000 for administrative expenses for the Tax Review Commission.
3. Adds 6.00 permanent positions and reduces 6.00 temporary positions in the Tax Services and Processing Program to offset a legislative error in Act 5, SLH 2019.

**Department of Taxation
Capital Improvements Budget**

	Act 40/2019 FY 2020	Act 40/2019 FY 2021	FY 2020 Adjustments	FY 2021 Adjustments	Total FY 2020	Total FY 2021
Funding Sources:						
General Funds	-	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	-
Total Requirements	-	-	-	-	-	-

Highlights: (general obligation bonds and FY 21 unless otherwise noted)
None.



Operating Budget Details

FY 21 EXECUTIVE SUPPLEMENTAL BUDGET
ERRATA FOR REPORT S61 AND S61-A

Please note that all pages of Report S61 and S61-A indicate the incorrect "percent change" in the "biennium totals" column for total capital costs. All "percent change" amounts for capital costs should be 100.00%, not 0.00%.

EXECUTIVE SUPPLEMENTAL BUDGET
(IN DOLLARS)

REPORT: S61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

TAX-
11
GOVERNMENT-WIDE SUPPORT

PROGRAM COSTS	FY 2020			FY 2021			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
	130.00**	**	130.00**	130.00**	-6.00**	124.00**	**	**	**
PERSONAL SERVICES	25,767,178		25,767,178	25,767,178		25,767,178	51,534,356	51,534,356	
OTH CURRENT EXPENSES	10,920,313		10,920,313	12,080,313	650,000	12,730,313	23,000,626	23,650,626	
TOTAL OPERATING COST	36,687,491		36,687,491	37,847,491	650,000	38,497,491	74,534,982	75,184,982	0.87
BY MEANS OF FINANCING	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
	117.00**	**	117.00**	117.00**	-6.00**	111.00**	**	**	**
GENERAL FUND	33,542,355		33,542,355	34,702,355	250,000	34,952,355	68,244,710	68,494,710	
	*	*	*	*	*	*	*	*	*
	13.00**	**	13.00**	13.00**	**	13.00**	**	**	**
SPECIAL FUND	3,145,136		3,145,136	3,145,136	400,000	3,545,136	6,290,272	6,690,272	
TOTAL PERM POSITIONS	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
TOTAL TEMP POSITIONS	130.00**	**	130.00**	130.00**	-6.00**	124.00**	**	**	**
TOTAL PROGRAM COST	36,687,491		36,687,491	37,847,491	650,000	38,497,491	74,534,982	75,184,982	0.87

EXECUTIVE SUPPLEMENTAL BUDGET
(IN DOLLARS)

REPORT: S61-A

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

PROGRAM COSTS	FY 2020			FY 2021			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
	130.00**	**	130.00**	130.00**	-6.00**	124.00**	**	**	**
PERSONAL SERVICES	25,767,178		25,767,178	25,767,178		25,767,178	51,534,356	51,534,356	
OTH CURRENT EXPENSES	10,920,313		10,920,313	12,080,313	650,000	12,730,313	23,000,626	23,650,626	
TOTAL OPERATING COST	36,687,491		36,687,491	37,847,491	650,000	38,497,491	74,534,982	75,184,982	0.87
BY MEANS OF FINANCING	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
	117.00**	**	117.00**	117.00**	-6.00**	111.00**	**	**	**
GENERAL FUND	33,542,355		33,542,355	34,702,355	250,000	34,952,355	68,244,710	68,494,710	
	*	*	*	*	*	*	*	*	*
	13.00**	**	13.00**	13.00**	**	13.00**	**	**	**
SPECIAL FUND	3,145,136		3,145,136	3,145,136	400,000	3,545,136	6,290,272	6,690,272	
TOTAL PERM POSITIONS	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
TOTAL TEMP POSITIONS	130.00**	**	130.00**	130.00**	-6.00**	124.00**	**	**	**
TOTAL PROGRAM COST	36,687,491		36,687,491	37,847,491	650,000	38,497,491	74,534,982	75,184,982	0.87

EXECUTIVE SUPPLEMENTAL BUDGET
(IN DOLLARS)

REPORT: S61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

TAX-
110201
REVENUE COLLECTION

PROGRAM COSTS	FY 2020			FY 2021			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
	130.00**	**	130.00**	130.00**	-6.00**	124.00**	**	**	**
PERSONAL SERVICES	25,767,178		25,767,178	25,767,178		25,767,178	51,534,356	51,534,356	
OTH CURRENT EXPENSES	10,920,313		10,920,313	12,080,313	650,000	12,730,313	23,000,626	23,650,626	
TOTAL OPERATING COST	36,687,491		36,687,491	37,847,491	650,000	38,497,491	74,534,982	75,184,982	0.87
BY MEANS OF FINANCING	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
	117.00**	**	117.00**	117.00**	-6.00**	111.00**	**	**	**
GENERAL FUND	33,542,355		33,542,355	34,702,355	250,000	34,952,355	68,244,710	68,494,710	
	*	*	*	*	*	*	*	*	*
	13.00**	**	13.00**	13.00**	**	13.00**	**	**	**
SPECIAL FUND	3,145,136		3,145,136	3,145,136	400,000	3,545,136	6,290,272	6,690,272	
TOTAL PERM POSITIONS	401.00*	*	401.00*	401.00*	6.00*	407.00*	*	*	
TOTAL TEMP POSITIONS	130.00**	**	130.00**	130.00**	-6.00**	124.00**	**	**	**
TOTAL PROGRAM COST	36,687,491		36,687,491	37,847,491	650,000	38,497,491	74,534,982	75,184,982	0.87

EXECUTIVE SUPPLEMENTAL BUDGET
(IN DOLLARS)

REPORT: S61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

TAX-100
11020101
COMPLIANCE

PROGRAM COSTS	FY 2020			FY 2021			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	192.00*	*	192.00*	192.00*	*	192.00*	*	*	
	5.00**	**	5.00**	5.00**	**	5.00**	**	**	
PERSONAL SERVICES	10,881,822		10,881,822	10,881,822		10,881,822	21,763,644	21,763,644	
OTH CURRENT EXPENSES	958,234		958,234	958,234		958,234	1,916,468	1,916,468	
TOTAL OPERATING COST	11,840,056		11,840,056	11,840,056		11,840,056	23,680,112	23,680,112	0.00
BY MEANS OF FINANCING	192.00*	*	192.00*	192.00*	*	192.00*	*	*	
	5.00**	**	5.00**	5.00**	**	5.00**	**	**	
GENERAL FUND	11,840,056		11,840,056	11,840,056		11,840,056	23,680,112	23,680,112	
TOTAL PERM POSITIONS	192.00*	*	192.00*	192.00*	*	192.00*	*	*	
TOTAL TEMP POSITIONS	5.00**	**	5.00**	5.00**	**	5.00**	**	**	
TOTAL PROGRAM COST	11,840,056		11,840,056	11,840,056		11,840,056	23,680,112	23,680,112	0.00

EXECUTIVE SUPPLEMENTAL BUDGET
(IN DOLLARS)

REPORT: S61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

TAX-105
11020103
TAX SERVICES AND PROCESSING

PROGRAM COSTS	FY 2020			FY 2021			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	128.00*	*	128.00*	128.00*	6.00*	134.00*	*	*	
	100.00**	**	100.00**	100.00**	-6.00**	94.00**	**	**	
PERSONAL SERVICES	6,771,967		6,771,967	6,771,967		6,771,967	13,543,934	13,543,934	
OTH CURRENT EXPENSES	381,800		381,800	381,800		381,800	763,600	763,600	
TOTAL OPERATING COST	7,153,767		7,153,767	7,153,767		7,153,767	14,307,534	14,307,534	0.00
BY MEANS OF FINANCING	128.00*	*	128.00*	128.00*	6.00*	134.00*	*	*	
	100.00**	**	100.00**	100.00**	-6.00**	94.00**	**	**	
GENERAL FUND	7,153,767		7,153,767	7,153,767		7,153,767	14,307,534	14,307,534	
TOTAL PERM POSITIONS	128.00*	*	128.00*	128.00*	6.00*	134.00*	*	*	
TOTAL TEMP POSITIONS	100.00**	**	100.00**	100.00**	-6.00**	94.00**	**	**	
TOTAL PROGRAM COST	7,153,767		7,153,767	7,153,767		7,153,767	14,307,534	14,307,534	0.00

**Narrative for Supplemental Budget Requests
FY 2021**

Program ID: TAX 105

Program Structure Level: 11 02 01 03

Program Title: TAX SERVICES AND PROCESSING

A. Program Objective

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

Request to increase the permanent position counts by six and decrease the temporary position counts by six.

C. Reasons for Request

Position counts for both permanent and temporary positions will offset a legislative error in the biennium budget.

D. Significant Changes to Measures of Effectiveness and Program Size

None.

EXECUTIVE SUPPLEMENTAL BUDGET

REPORT: S61-A

PROGRAM ID:
PROGRAM STRUCTURE NO:
PROGRAM TITLE:

TAX-107
11020104
SUPPORTING SERVICES - REVENUE COLLECTION

(IN DOLLARS)

PROGRAM COSTS	FY 2020			FY 2021			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	81.00*	*	81.00*	81.00*	*	81.00*	*	*	
	25.00**	**	25.00**	25.00**	**	25.00**	**	**	**
PERSONAL SERVICES	8,113,389		8,113,389	8,113,389		8,113,389	16,226,778	16,226,778	
OTH CURRENT EXPENSES	9,580,279		9,580,279	10,740,279	650,000	11,390,279	20,320,558	20,970,558	
TOTAL OPERATING COST	17,693,668		17,693,668	18,853,668	650,000	19,503,668	36,547,336	37,197,336	1.78
BY MEANS OF FINANCING									
	81.00*	*	81.00*	81.00*	*	81.00*	*	*	
	12.00**	**	12.00**	12.00**	**	12.00**	**	**	**
GENERAL FUND	14,548,532		14,548,532	15,708,532	250,000	15,958,532	30,257,064	30,507,064	
	*	*	*	*	*	*	*	*	*
	13.00**	**	13.00**	13.00**	**	13.00**	**	**	**
SPECIAL FUND	3,145,136		3,145,136	3,145,136	400,000	3,545,136	6,290,272	6,690,272	
TOTAL PERM POSITIONS	81.00*	*	81.00*	81.00*	*	81.00*	*	*	
TOTAL TEMP POSITIONS	25.00**	**	25.00**	25.00**	**	25.00**	**	**	**
TOTAL PROGRAM COST	17,693,668		17,693,668	18,853,668	650,000	19,503,668	36,547,336	37,197,336	1.78

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.