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DEPARTMENT OF TAXATION

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TO: The Honorable Sylvia Luke, Chair, House Committee on Finance
and Members of the House Committee on Finance

FROM: Rona Suzuki, Director, Department of Taxation

Informational Briefing for the Department of Taxation

Wednesday, January 8, 2020, 1:30 p.m.

Hawaii State Capitol, Room 308

Chair Luke, Vice Chair Cullen, and Members of the Committee:

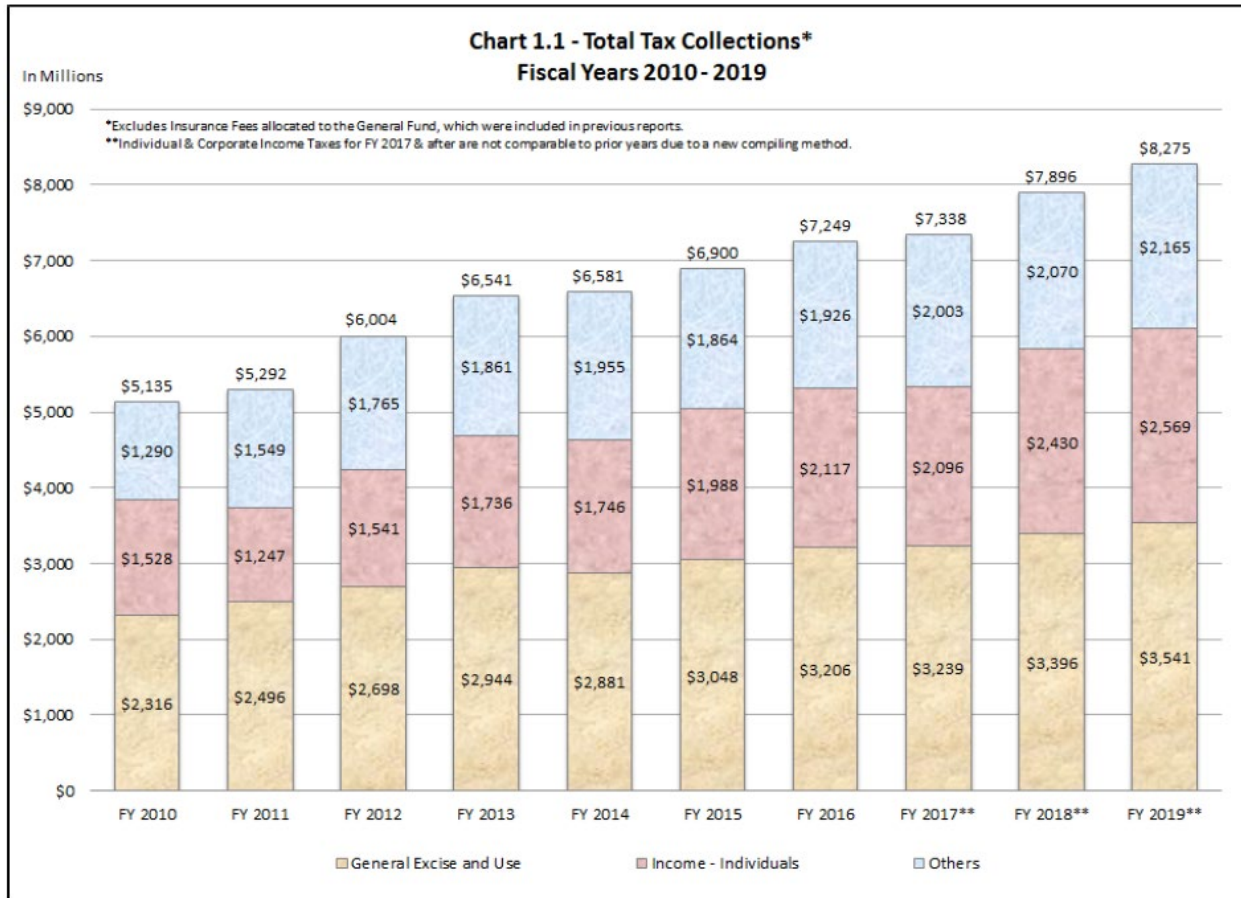
My name is Rona Suzuki and I am the Director of the Department of Taxation (DOTAX). I am accompanied today by our management team:

- Damien Elefante, Deputy Director;
- Nicki Thompson, Taxpayer Services and Processing Division Manager;
- Kevin Wakayama, Compliance Division Manager;
- Michael Otsuji, Technical Program Manager;
- Joy Kobayashi, Business Analysis Lead;
- Ted Shiraishi, Rules Officer;
- Seth Colby, Tax Research and Planning Officer; and
- Dexter Suzuki, Administrative Services Officer.

Thank you for the opportunity to present the Department of Taxation's Supplemental Budget request for FY 2021.

FY 2019 Highlights

Tax collections remain strong. As shown in Chart 1.1, below, total State tax collections in FY 2019 were \$8.28 billion, a 4.8% increase from FY 2018 which were \$7.9 billion:



DOTAX collected \$7.87 billion in tax revenue in FY 2019, 95% of all taxes administered by the State:

- General Excise Tax (GET) is Hawaii's largest source of revenue, accounting for 43% of the State's total tax collections. Revenue from the GET rose to \$3.54 billion in FY 2019 from \$3.40 billion in FY 2018, an increase of 4.3%.
- Revenue from Hawaii's Individual Income Tax (IIT), Hawaii's second largest tax, increased 5.7% to \$2.57 billion in FY 2019 from \$2.19 billion in FY 2018, accounting for 31% of the State's total tax collections.
- Transient Accommodations Tax (TAT) were \$600.5 million, an increase of 8.2% from 2018.

DOTAX tax collections for FY 2020 to date (though November 2019) are presently outpacing FY 2019. We've collected \$3.3 billion in net taxes and \$2.95 million in state tax revenue has been deposited in to the General Fund, a 5.9% increase over FY 2019.

Our operating expenses continue to be a low **33 cents per \$100 in tax collections.**

Thanks to your financial support, our major investment has been the **Tax System Modernization (TSM) project**, which began July 2015. In September 2019, we completed the fifth and final functional phase of work for this project. For more than four years now, our staff have worked to design, test, and deploy the technical configurations and learn the new technologies, while maintaining operations. As a result, all tax types and operations are now in TSM, giving us a single system of record. Moving forward, we are leveraging our technology investment to **standardize and streamline operations and improve compliance**.

The TSM project introduced taxpayers to Hawaii Tax Online (HTO). Taxpayer utilization of HTO continues to increase.

- **58% percent of active business taxpayers** have HTO accounts;
- **57% of the 5.1 million returns processed** in FY 2019 were e-filed;
- **More than a million payments and other transactions** were completed on HTO; and
- Tax clearances have been automated on HTO and Hawaii Compliance Express.

We are continuing to enhance HTO to add features and make it easier for taxpayers to use.

Mandatory e-filing requirements will further drive use of our technology investment. E-filed returns are more accurate and faster to process. In April 2019, we began announcing mandatory e-filing requirements (HRS 231-8.5). By the end of this year, we will fully exercise our mandatory e-filing authority.

We are also **increasing compliance efforts**. While most taxpayers will voluntarily comply with tax laws, we are continuing to identify non-filers and addressing tax debts to ensure that all Hawaii taxpayers pay their fair share.

- Office Audit increased its case production by 40%, resulting in \$87.3 million in assessments.
- Field Audit increased its cases by 3.1%, resulting in \$45.3 million in assessments.
- We also have been working on ensuring compliance for short-term rental businesses. Our AGs reached an agreement with Airbnb to provide additional data and is preparing to pursue other platforms.

Additional information is provided in our Annual Report.

Budget Requests

DOTAX has **two (2) budget requests** for FY 2021:

1. \$400,000 appropriation for the Tax Administration Special Fund for the Special Enforcement Section (SES). This request provides additional appropriation to pay for the 5% central services expenses.
2. \$250,000 appropriation for the Tax Review Commission (TRC) expenses. This request provides the funds to support the Tax Review Commission's work, as required by Article VII, Section 3 of Hawaii's Constitution.

We will also be requesting reconsideration of HB 1043, Relating to Tax Appeals. This measure centralizes the boards of review into a single board comprised of full-time staff. We will request that an appropriation be added to the current version of the measure.

Administrative Bills

The Governor will be presenting five (5) bills for consideration this session:

TAX-01	RELATING TO CONFORMITY TO THE INTERNAL REVENUE CODE Amends Hawaii's income and estate transfer laws to conform IRC 2019
TAX-02	RELATING TO WITHHOLDING TAX Amends due date for employers to file duplicate copy of W2 form
TAX-03	RELATING TO TRANSIENT ACCOMMODATIONS TAX Amends TAT statutes to update for clarity and consistency
TAX-04	RELATING TO TAX ADMINISTRATION Expands mandatory electronic filing requirements
TAX-05	RELATING TO RENTAL MOTOR VEHICLE MARKETPLACE FACILITATORS Clarifies HRS for rental motor vehicle marketplace facilitators to address rideshare liability

Thank you for this opportunity to share information about our accomplishments and plans. We are available to answer any questions you may have.

2020 Legislative Budget Briefing Testimony Instructions

Overview

A. Provide your agency's mission statement.

The Department of Taxation's mission is to administer the tax laws of the State of Hawaii in a consistent, fair, and efficient manner.

B. Discuss how current state-wide conditions have affected agency operations and the ability to meet goals. Identify and discuss notable performance measures, expected outcomes, and recent results.

Increasing tax revenue collection. Total State tax collections in FY 2019 were \$8.28 billion, a 4.8% increase from FY 2018 which were \$7.9 billion. The Department of Taxation (DOTAX) **collected \$7.87 billion in tax revenue in FY 2019, or 95% of all taxes administered by the State:**

- General Excise Tax (GET) is Hawaii's largest source of revenue, accounting for 43% of the State's total tax collections. Revenue from the GET rose to \$3.54 billion in FY 2019 from \$3.40 billion in FY 2018, an increase of 4.3%.
- Revenue from Hawaii's Individual Income Tax (IIT), Hawaii's second largest tax, increased 5.7% to \$2.57 billion in FY 2019 from \$2.43 billion in FY 2018, accounting for 31% of the State's total tax collections.

For FY 2020 to date (through November 2019), DOTAX has collected \$3.3 billion in net taxes. \$2.95 million was deposited in to the General Fund, a 5.9% increase over FY 2019. The Council on Revenues will be meeting on January 9, 2020 to discuss the General Fund forecast.

Tax System Modernization (TSM) project completed. September 2019 marked an important milestone for DOTAX: the completion of the fifth and final functional phase of work under the Tax System Modernization (TSM) project. Since the project contract was initiated in July 2015, DOTAX staff have worked to design, test, and deploy the technical configurations and learn the new technologies, while maintaining operations. This project has impacted every aspect of the DOTAX. Now that we have all of our taxes in the new systems introduced through the TSM project, we are shifting our focus to maximizing the use of the technologies to **standardize and streamline operations and improve compliance.**

From the taxpayer perspective, the TSM project introduced taxpayers to Hawaii Tax Online (HTO), replacing ELF. Taxpayer utilization of HTO continues to increase:

- **58% percent of active business taxpayers** have HTO accounts;
- **57% of the 5.1 million returns processed** in FY 2019 were e-filed;
- **More than a million payments and other transactions** were completed on HTO; and
- Tax clearances have been automated on HTO and Hawaii Compliance Express.

Mandatory e-filing requirements will further drive use of this technology investment. In April 2019, we started announcing mandatory e-filing requirements (HRS 231-8.5). So far, Liquor, Cigarette/Tobacco, Fuel, and Rental Vehicle taxpayers have been required to e-file. Over the

next year, we will fully implement our existing mandatory e-filing authorities.

Our **first individual income tax filing season** using our new systems was completed in October 2019. This introduced fraud prevention capabilities and the ability for taxpayers to request additional identity theft protection measures.

Improving compliance. While most taxpayers will voluntarily comply with laws, DOTAX continues to **identify non-filers and address tax debts to ensure that all Hawaii taxpayers pay their fair share.**

- Short-term rentals have continued to be an area of concern. Our Attorney Generals have been working with us to obtain information from Airbnb and other short-term rental platforms.
- Our new systems are collecting more data to enable additional compliance efforts.

Operational efficiency. DOTAX strives to meet operational objectives while using minimal resources. In FY 2019, DOTAX's operating expenses were \$25.8 million up from \$23.7 million in FY 2018. **The cost of collecting each \$100 dollars of taxes was only 32 cents.**

Federal Funds

- C. Identify programs that have lost or are at risk of losing federal funds. Identify the source of these federal funds by federal award title and CFDA number. Discuss the impact to the public and your planned response, including efforts to supplant any federal fund reductions for the current year (FY20) and the upcoming fiscal year (FY21) with other funds.

The Department of Taxation does not receive any federal funds.

Non-General Funds

- D. Please provide a web link (url) of the reports to the Legislature on non-general funds under your department pursuant to HRS 37-47.

<https://budget.hawaii.gov/wp-content/uploads/2019/12/TAX.pdf>

Budget Requests

- E. Explain the process used to develop the agency's budget and prioritize requests for budget changes.

The primary goals during FY 2020-2021 is to continue to pursue increased voluntary compliance, improved processing, enhanced productivity, and improved customer service for all stakeholders, empowered with new tools and technological enhancements. The following budget priorities were developed with the primary goals in mind.

- a. We need to raise the Special Enforcement Section (Tax Administration Special Fund) appropriation to enable payment of the state central services fees.
 - b. Every five years a State Tax Review Commission (TRC) conducts a systematic review of Hawaii's tax structure, using standards such as equity and efficiency. The next TRC will be appointed in 2020 and present its report to the 2022 legislative session. TRC funds being requested will better support its goal to provide an evaluation of the State's tax structure and recommend revenue and tax policy to the Legislature.
- F. Identify and discuss significant adjustments contained in the budget request submitted to the legislature. Explain and quantify how significant requests for additional funds are expected to affect outcomes.

The following adjustments will help the department to achieve its goals of increased voluntary compliance, improved processing, enhanced productivity, and improved customer service.

- REQUEST FOR ADDITIONAL APPROPRIATIONS FOR THE SPECIAL ENFORCEMENT SECTION (SES)
\$400,000 (FY21)

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 of 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.

- REQUEST FOR FUNDS FOR THE TAX REVIEW COMMISSION (TRC)
\$250,000 (FY21)

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 TRC as well as to contract for the performance of studies and other research.

Additional Information

Please use the provided spreadsheets to present the following information.

Table 1: Department Functions

Organized by division, please provide a list of all functions performed by your department; a description of the function; a list of the activities associated with the particular function; the program ID(s) where the function is implemented; and the statutory reference (Hawaii Revised Statutes or federal Public Law) mandating the function.

Table 2: Department-Wide Totals

Please provide totals for the department's (branch of government's for the Judiciary and OHA) FY20 budget inclusive of restrictions and emergency appropriation requests by means of financing (MOF). Please provide the proposed 2021 fiscal year operating budget adjustments by MOF. Beginning with each department's FY21 appropriations under Act 5 SLH 2019 (Inclusive of Act 6 SLH 2019, Act 28 SLH 2019, Act 29 SLH 2019, Act 30 SLH 2019, Act 56 SLH 2019, Act 59 SLH 2019, Act 113 SLH 2019, Act 116 SLH 2019, Act 122 SLH 2019, Act 123 SLH 2019, and Act 276 SLH 2019), Act 38 SLH 2019, and Act 37 SLH 2019, provide proposed adjustments for all reductions, all additions, and the resultant total for each MOF.

Table 3: Program ID Totals

Please provide a list of all program IDs in your department to include the program ID (the three letters and three numbers) and title; the FTE position amounts, both permanent and temporary, and dollar amounts appropriated for each fiscal year under Act 5, 38, or 37, as appropriate, and requested in the administration's budget submittal by MOF; and the percent change for each fiscal year in total dollar amount from the current appropriation for each program ID by MOF.

Table 4: Budget Decisions

Please provide a list of all departmental budget requests made to the department of budget and finance, the funding recommendations made by the department of budget and finance to the governor, and the final funding decisions made by the governor. Please provide, by program ID and sub-org, the FTE position amounts, both permanent and temporary, and dollar amounts for each fiscal year by MOF.

Table 5: Proposed Budget Reductions

Please provide a list of all proposed reductions for each fiscal year. Do not include trade-offs or transfers. Only include those items which will result in a net decrease to your department's budget. Please use Act 5, 38, or 37, as appropriate, as the base.

For each reduction, please provide the program ID and sub-org of the reductions; a brief description and the impact; the FTE position amounts, both permanent and temporary, and the dollar amount by MOF of the reduction; and indicate ² whether the reduction is being carried over from

a FY20 restriction.

Table 6: Proposed Budget Additions

Please provide a list of all proposed additions for each fiscal year. Do not include trade-offs or transfers. Only include those adjustments which will result in a net increase to your department's budget. Please use Act 5, 38, or 37, as appropriate, as the base.

For each proposed addition, please provide the program ID and sub-org of the addition; the type of addition by indicating if it relates to fixed costs/entitlement (FC), non-general funds (NG), federal funding (FF), non-recurring items (NR), or additional resources for current programs (AR); the unique priority number of the request within the program ID (1 being the highest priority); the unique priority number of the request within the department (1 being the highest priority); a brief description; justification, including discussion of the amount of resources currently used for the requested purpose; and the FTE position amounts, both permanent and temporary, and the dollar amount by MOF.

Table 7: Restrictions

For fiscal years 2017, 2018, 2019, and 2020 restrictions, please provide the program ID and sub-org the restrictions were taken from; the dollar amount budgeted by the department for the sub-org; the dollar amount of the restriction taken by the department from the sub-org; the difference between the amount budgeted by the department and amount restricted; the percentage of the difference to the budgeted amount; and the impact of this restriction. Please break down the information by MOF within each listed program ID and sub-org.

Table 8: Emergency Appropriation Requests

Please identify all emergency appropriation requests that your department will be seeking for FY20. If none, please indicate "none." For each request, please provide the program ID; a brief description of the request and an explanation of why funding the request is an emergency, including discussion of when the shortfall became apparent and the reason; and the FTE position amounts, both permanent and temporary, and the dollar amount by MOF.

**Table 9: Expenditures Exceeding or Anticipated to Exceed Appropriation
Ceilings in FY19 and FY20**

Please provide a list of all instances the department exceeded or is anticipated to exceed the FY19 and FY20 appropriation by program ID and MOF. Please provide the date the appropriated amount was exceeded, the appropriated amount, the amount exceeding the appropriation, the percent the exceeding amount is of the appropriation, the reason, a citation of the legal authority used to exceed the appropriated amount, whether this is recurring, and whether there is any impact to the general fund.

Table 10: Intradepartmental Transfers in FY19 and FY20

Please provide a list of all instances the department transferred positions or funds, or is anticipated to transfer positions or funds, between program IDs in FY19 and FY20. For each transfer, please indicate the date, MOF, the FTE position amount, both permanent and temporary, amount of the transfer, program ID transferred from, program ID transferred to, the reason, and whether the transfer is intended to be recurring.

Table 11: Vacancy Report as of November 30, 2019

Please identify all positions vacant as of November 30, 2019. For each position, indicate the program ID and sub-org under which the position is budgeted, date of vacancy, expected fill date, position number, position title, whether exempt, salary range level, bargaining unit code, permanent or temporary, FTE, MOF, annual amount budgeted for the position, annual amount actually last paid for the position and whether the department has authority to hire, whether the position is occupied by an 89 day hire, and if occupied by an 89 day hire, the number of 89 day hire appointments made for the occupant, a description if filled by other means, and a unique priority number indicating preference to retain, one being the most important.

Table 12: Positions Authorized or Established by Acts Other than the State Budget Acts

Please provide a list of all existing positions not authorized by Act 5, 38, or 37. Please include the program ID and sub-org under which the position is funded; date the position was established; citation of the specific legal authority used to establish the position; position number and title; whether the position is exempt; salary range level; bargaining unit; whether temporary or permanent; MOF; FTE amount; actual current annual salary or salary last paid; whether filled; and whether filled by an 89 day hire.

Table 13: Overtime Expenditure Summary

Please provide amounts actually expended for FY18 and FY19, estimated in FY20, and the proposed budgeted amount for FY21 for salary and overtime by program ID, sub-org, and MOF. Additionally, please indicate the percent of overtime as a proportion of base salary for each year.

Table 14: Active Contracts as of December 1, 2019

Please provide a list of all contracts awarded for operating costs currently authorized by the department and in effect as of December 1, 2019 by program ID and MOF. For each contract, indicate the amount paid, the frequency of the payment (monthly, annually, or other— please describe), the maximum value of the contract, the outstanding balance of the contract, the date the contract was executed, the dates the contract is in effect, the entity (organization, vendor, lessor, person, etc.) contracted, a description of the contract, an explanation of how the contract is monitored, and whether the contract qualifies as a purchase of service. Additionally, please indicate whether the contract is for a lease of equipment (E), lease of real property, including office space (L), public relations (P), or for legal counsel or services (C). If the contract does not fit these categories, indicate whether it is for a good (G) or service (S). Indicate noncancelable operating leases and capital leases by appending an asterisk (*) to the letter designation.

Table 15: Capital Improvement Program (CIP) Requests

Please provide a list of all CIP requests. For each capital appropriation request, please provide the program ID; the unique priority number of the request within the program ID, with 1 being the highest priority; the unique priority number of the request within the department, with 1 being the highest priority; the state senate district; the state representative district; the project title; MOF; and amount by fiscal year.

Table 16: CIP Lapses

Please provide a list of proposed lapses. Please include the program ID, act and year of the appropriation, project title, MOF, amount requested for lapse, and the reason for lapsing the appropriation.

If no request is being made, please indicate "none."

Table 17: Program ID Sub-Organizations

For each program ID, please provide a list of all sub-organizations to include the sub-org code, the name of each, and the objective.

Table 18: Organization Changes

Use table 18 to identify all changes that have been made or that are proposed to be made to the organizational charts by providing the description of the changes.

Additionally, please provide a web link (url) to a complete set of your departments' functional organization charts for the current fiscal year.

files.hawaii.gov/tax/2019-12-23_Org_Chart_as_of_11-30-19.pdf

Testimony Submission

The Judiciary, the Office of Hawaiian Affairs, and most executive branch expending agencies should each submit **one** consolidated response in the requested formats. Executive branch attached agencies that are scheduled separately from the agency it is attached to should submit a separate response.

Please use standard 8.5" x 11" paper and 12 point Calibri font. Testimony should be submitted no later than one week prior to your scheduled briefing date in the following manner:

Email a _____ consolidated PDF of _____ your

testimony to WAMTestimony@capitol.hawaii.gov and to a.vargas@capitol.hawaii.gov. Please also email excel files of the testimony table attachments to Stacy Ferreira at s.ferreira@capitol.hawaii.gov and Albert Vargas at a.vargas@capitol.hawaii.gov.

Department of Taxation
Functions

Table 1

Division	Description of Function	Activities	Prog ID(s)	Statutory Reference
Compliance				
	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.		TAX 100	
		Field Audit		Title 14, Chapter 231, 231-3, HRS (generally)
		Office Audit		Title 14, Chapter 231, 231-3, HRS (generally)
		Collections		Title 14, Chapter 231, 231-3, HRS (generally); 231-25 through 231-70, HRS (specifically)
		District Offices		Title 14, Chapter 231, 231-3, HRS (generally); 231-10, HRS (specifically)
		Criminal Investigations		Title 14, Chapter 231, 231-3, HRS (generally); 231-4.3, 231-34 through 231-36, HRS (specifically)
		Special Enforcement		Title 14, Chapter 231, 231-3, HRS (generally); 231-81 through 231-100 (specifically)
Tax Services and Processing				
	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.		TAX 105	
		Document Processing		Title 14, Chapter 231, 231-3, HRS (generally); 231-3, 231-8.5, 231-9.9, HRS (specifically)
		Revenue Accounting		Title 14, Chapter 231, 231-3, HRS (generally)
		Taxpayer Services		Title 14, Chapter 231, 231-3, HRS (generally)
Supporting Services-Revenue Collections				
	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.		TAX 107	
		Administrative Services		Title 14, Chapter 231, 231-3, HRS (generally)
		Rules		Title 14, Chapter 231, 231-3, HRS (generally); 231-4.5, HRS (specifically)
		Information Technology Services		Title 14, Chapter 231, 231-3, HRS (generally); 231-8.5, HRS (specifically)
		Tax Research and Planning		Title 14, Chapter 231, 231-3, HRS (generally); 231-3.4, HRS (specifically)
		Council on Revenues		Haw. Const. Art. VII, Sec. 7; Chapter 37 Part VI, HRS (generally)
		Tax Review Commission		Haw. Const. Art. VII, Sec. 3; Chapter 232E, HRS (generally)
		Board of Reviews		Title 14, Chapter 232, HRS (generally)

Department of Taxation
Department-Wide Totals

Table 2

Fiscal Year 2020					
Budget Acts Appropriation	Reductions	Additions	Emergency Appropriations	Total FY20	MOF
\$ 33,542,355.00	\$ -	\$ -		\$ 33,542,355.00	A
\$ 3,145,136.00		\$ -		\$ 3,145,136.00	B
				\$ -	
				\$ -	
				\$ -	
\$ 36,687,491.00	\$ -	\$ -	\$ -	\$ 36,687,491.00	Total
Fiscal Year 2021					
Budget Acts Appropriation	Reductions	Additions		Total FY21	MOF
\$ 34,702,355.00		\$ 250,000.00		\$ 34,952,355.00	
\$ 3,145,136.00		\$ 400,000.00		\$ 3,545,136.00	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
\$ 37,847,491.00	\$ -	\$ 650,000.00	\$ -	\$ 38,497,491.00	Total

Department of Taxation
Program ID Totals

Table 3

Prog ID	Program Title	MOE	As budgeted (FY20)			As budgeted (FY21)			Governor's Submittal (FY20)				Governor's Submittal (FY21)			
			Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Percent Change of \$\$\$\$	Pos (P)	Pos (T)	\$\$\$	Percent Change of \$\$\$\$
TAX100	Compliance	A	192	5	\$ 11,840,056	192	5	\$ 11,840,056	192	5	\$ 11,840,056	0.00%	192	5	\$ 11,840,056	0.00%
TAX105	Tax Services & Processing	A	128	100	\$7,153,767	128	100	\$7,153,767	128	100	\$ 7,153,767	0.00%	134	94	\$ 7,153,767	0.00%
TAX107	Supporting Services-Rev Collection	A	81	12	\$14,548,532	81	12	\$15,708,532	81	12	\$ 14,548,532	0.00%	81	12	\$ 15,958,532	1.59%
TAX107	Supporting Services-Rev Collection	B	0	13	\$3,145,136	0	13	\$3,145,136	-	13	\$ 3,145,136	0.00%	-	13	\$ 3,545,136	12.72%

Department of Taxation
Budget Decisions

Table 4

Prog ID	Sub-Org	Description of Request	MOF	Initial Department Requests						Budget and Finance Recommendations						Governor's Decision					
				FY20			FY21			FY20			FY21			FY20			FY21		
				Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$
TAX107	AA	REQUEST FOR ADDITIONAL APPROPRIATIONS FOR THE SPECIAL ENFORCEMENT SECTION (SES)	B	-	-	-	-	-	400,000	-	-	-	-	-	400,000	-	-	-	-	-	400,000
TAX107	AA	REQUEST FOR FUNDS FOR THE TAX REVIEW COMMISSION (TRC)	A	-	-	-	-	-	250,000	-	-	-	-	-	250,000	-	-	-	-	-	250,000
TAX105	BA	ADD POSITION COUNTS TO CORRECT LEGISLATIVE ERROR	A	-	-	-	-	-	-	-	-	-	2.00	(2.00)	-	-	-	-	2.00	(2.00)	-
TAX105	BC	ADD POSITION COUNTS TO CORRECT LEGISLATIVE ERROR	A	-	-	-	-	-	-	-	-	-	4.00	(4.00)	-	-	-	-	4.00	(4.00)	-

Department of Taxation
Proposed Budget Reductions

Table 5

<u>Prog ID</u>	<u>Sub-Org</u>	<u>Description of Reduction</u>	<u>Impact of Reduction</u>	<u>MOE</u>	<u>FY20</u>			<u>FY21</u>			<u>FY19 Restriction (Y/N)</u>
					<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$\$</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$\$</u>	
NONE											

Department of Taxation
Proposed Budget Additions

Table 6

Prog ID	Sub-Org	Addition Type	Prog ID Priority	Dept- Wide Priority	Description of Addition	Justification	MOF	FY20			FY21		
								Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$
TAX107	AA	OR	1	1	REQUEST FOR ADDITIONAL APPROPRIATIONS TO COVER THE 5% CENTRAL SERVICE EXPENSES PURSUANT TO HRS SECTION 36-27.	Without this appropriation, the 5% would need to come from the \$2 million allocated to SES operations.	B	-	-	-	-	-	400,000
TAX107	AA	OR	2	2	THE Tax Review Commission (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.	The funds will be used for administrative expenses of the Commission as well as to contract for the performance of studies and other research.	A	-	-	-	-	-	250,000

Department of Taxation
 FB 2017 - 2020 Restrictions

Table 7

<u>Fiscal Year</u>	<u>Prog ID</u>	<u>Sub-Org</u>	<u>MOF</u>	<u>Budgeted by Dept</u>	<u>Restriction</u>	<u>Difference Between Budgeted & Restricted</u>	<u>Percent Difference</u>	<u>Impact</u>
20	TAX100	CH	A	1,514,951	\$ 131,563	\$ 1,383,388	8.68%	Closer monitoring, department prioritization and justification requirements and delays for large purchases and unbudgeted expenses (i.e. overtime, travel, replacement equipment).
20	TAX100	CK	A	969,800	\$ 84,220	\$ 885,580	8.68%	
20	TAX100	CM	A	1,306,964	\$ 113,501	\$ 1,193,463	8.68%	
20	TAX100	CO	A	3,022,275	\$ 262,463	\$ 2,759,812	8.68%	
20	TAX100	CP	A	2,486,920	\$ 215,971	\$ 2,270,949	8.68%	
20	TAX100	EO	A	2,539,146	\$ 220,507	\$ 2,318,639	8.68%	
20	TAX105	BA	A	3,917,046	\$ 397,348	\$ 3,519,698	10.14%	Closer monitoring, department prioritization and justification requirements and delays for large purchases and unbudgeted expenses (i.e. overtime, travel, replacement equipment).
20	TAX105	BB	A	349,475	\$ 35,451	\$ 314,024	10.14%	
20	TAX105	BC	A	2,887,246	\$ 292,884	\$ 2,594,362	10.14%	
20	TAX107	AA	A	11,625,699	\$ 959,179	\$ 10,666,520	8.25%	Closer monitoring, department prioritization and justification requirements and delays for large purchases and unbudgeted expenses (i.e. overtime, travel, replacement equipment).
20	TAX107	AC	A	2,435,246	\$ 200,920	\$ 2,234,326	8.25%	
20	TAX107	AD	A	487,587	\$ 40,228	\$ 447,359	8.25%	

Department of Taxation
Emergency Appropriation Requests

Table 8

<u>Prog ID</u>	<u>Description of Request</u>	<u>Explanation of Request</u>	<u>MOE</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>
NONE						

Department of Taxation
Expenditures Exceeding Appropriation Ceilings in FY19 and FY20

Table 9

<u>Prog ID</u>	<u>MOF</u>	<u>Date</u>	<u>Appropriation</u>	<u>Amount Exceeding Appropriation</u>	<u>Percent Exceeded</u>	<u>Reason for Exceeding Ceiling</u>	<u>Legal Authority</u>	<u>Recurring (Y/N)</u>	<u>GF Impact (Y/N)</u>
NONE									

Department of Taxation
Intradepartmental Transfers in FY19 and FY20

Table 10

<u>Actual or Anticipated Date of Transfer</u>	<u>MOF</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>	<u>From Prog ID</u>	<u>Percent of Program ID Appropriation Transferred From</u>	<u>To Prog ID</u>	<u>Percent of Receiving Program ID Appropriation</u>	<u>Reason for Transfer</u>	<u>Recurring (Y/N)</u>
11/1/2019	A	1.00	1542	\$ 88,248	TAX100	100.0%	TAX107	100.0%	Transfer to newly the established Quality Control Office	N
11/1/2019	A	1.00	12002	\$ 59,616	TAX100	100.0%	TAX107	100.0%	Transfer to newly the established Quality Control Office	N
11/1/2019	A	1.00	39132	\$ 56,064	TAX105	100.0%	TAX107	100.0%	Transfer to newly the established Quality Control Office	N
11/1/2019	A	1.00	49981	\$ 59,616	TAX105	100.0%	TAX107	100.0%	Transfer to newly the established Quality Control Office	N
11/1/2019	A	1.00	34204	\$ 50,916	TAX105	100.0%	TAX107	100.0%	Transfer to newly the established Quality Control Office	N

Department of xxx
 Vacancy Report as of November 30, 2019

Table 11

Prog ID	Sub-Org	Date of Vacancy	Expected Fill Date	Position Number	Position Title	Exempt (Y/N)	SR Level	BU Code	Perm Temp (P/T)	FTE	MOF	Budgeted Amount	Actual Salary Last Paid	Authority to Hire (Y/N)	Occupied by 89 Day Hire (Y/N)	# of 89 Hire Appts	Describe if Filled by other Means	Priority # to Retain
TAX107	AA	7/2/2018	12/2/2019	122696	Spcl Enfc Section Investigator	Y	SRNA	73	T	1.00	B	\$ 53,856	\$ 53,856	Y	N			
TAX105	BA	2/19/2019	12/2/2019	118444	Office Assistant III	N	SR08	3	R	1.00	A	\$ 27,132	\$ 30,240	Y	N			
TAX105	BC	2/26/2019	12/2/2019	121084	Tax Clerk	N	SR12	3	T	1.00	A	\$ 31,740	\$ 38,220	Y	N			
TAX107	AA	2/16/2017	12/13/2019	36733	Management Analyst IV	N	SR22	13	R	1.00	A	\$ 72,324	\$ 75,192	Y	N			
TAX100	CO	6/3/2019	1/2/2020	121108	Tax Returns Examiner II	N	SR15	3	R	1.00	A	\$ 31,740	\$ 36,732	Y	N			
TAX100	CH	6/17/2019	1/2/2020	3705	Tax Returns Examiner I	N	SR13	3	R	1.00	A	\$ 40,128	\$ 36,732	Y	N			
TAX100	CH	6/17/2019	1/2/2020	11513	Tax Returns Examiner II	N	SR15	3	R	1.00	A	\$ 41,724	\$ 39,720	Y	N			
TAX100	CP	7/1/2019	1/2/2020	21194	Criminal Investigation Supvr	Y	SRNA	13	R	1.00	A	\$ 115,788	\$ 120,768	Y	N			
TAX107	AA	10/16/2018	1/16/2020	121076	Management Analyst IV	N	SR22	13	T	1.00	A	\$ 40,128	\$ 41,856	Y	N			
TAX100	CK	12/1/2018	1/16/2020	109	Secretary II	N	SR14	3	R	1.00	A	\$ 43,368	\$ 45,900	Y	Y	1		
TAX107	AA	2/1/2019	1/16/2020	1546	Human Resources Spctt IV	N	SR22	73	R	1.00	A	\$ 72,324	\$ 57,324	Y	N			
TAX100	CO	2/5/2019	1/16/2020	47879	Tax Clerk	N	SR12	3	R	1.00	A	\$ 35,676	\$ 35,340	Y	Y	1		
TAX100	CM	3/1/2019	1/16/2020	1580	Delinquent Tax Coll Asst I	N	SR15	3	R	1.00	A	\$ 34,260	\$ 38,220	Y	N			
TAX105	BA	4/1/2019	1/16/2020	38688	Office Assistant III	N	SR08	3	R	1.00	A	\$ 27,132	\$ 30,240	Y	Y	1		
TAX100	EO	4/22/2019	1/16/2020	1554	Tax Collector	N	EM05	35	R	1.00	A	\$ 117,540	\$ 123,576	Y	N			
TAX105	BA	5/16/2019	1/16/2020	27115	Cashier II	N	SR12	3	R	1.00	A	\$ 30,468	\$ 35,340	Y	N			
TAX105	BA	7/1/2019	1/16/2020	118441	Office Assistant III	N	SR08	3	R	1.00	A	\$ 27,132	\$ 30,240	Y	Y	1		
TAX105	BA	7/16/2019	1/16/2020	118445	Office Assistant III	N	SR08	3	R	1.00	A	\$ 27,132	\$ 30,240	Y	Y	1		
TAX107	AC	8/1/2019	1/16/2020	28863	Information Technology Band B	N	SR24	13	R	1.00	A	\$ 43,428	\$ 55,092	Y	N			
TAX107	AD	9/1/2019	1/16/2020	30509	Secretary II	N	SR14	3	R	1.00	A	\$ 48,792	\$ 52,296	Y	Y	1		
TAX105	BA	9/16/2019	1/16/2020	118236	Tax Clerk	N	SR12	3	R	1.00	A	\$ 27,132	\$ 35,340	Y	N			
TAX107	AC	10/1/2019	1/16/2020	15797	Information Technology Band D	Y	EM05	35	R	1.00	A	\$ 88,308	\$ 96,084	Y	N			
TAX105	BA	10/16/2019	1/16/2020	118230	Tax Clerk	N	SR12	3	R	1.00	A	\$ 27,132	\$ 35,340	Y	N			
TAX105	BA	10/16/2019	1/16/2020	118442	Office Assistant III	N	SR08	3	R	1.00	A	\$ 27,132	\$ 30,240	Y	Y	1		
TAX107	AC	8/1/2016	2/1/2020	23170	Information Technology Band C	N	SR26	23	R	1.00	A	\$ 57,168	\$ 78,624	Y	N			
TAX107	AA	9/1/2017	2/1/2020	16055	Accountant III	N	SR20	13	R	1.00	A	\$ 52,704	\$ 31,080	Y	Y	1		
TAX107	AA	10/2/2017	2/1/2020	39132	Management Analyst III	N	SR20	3	R	1.00	A	\$ 51,852	\$ 56,064	Y	N			
TAX107	AA	7/2/2018	2/1/2020	116470	Business Analyst	Y	SRNA	73	R	1.00	A	\$ 150,000	\$ 150,000	Y	N			
TAX100	EO	7/17/2018	2/1/2020	1450	Tax Clerk	N	SR12	3	R	1.00	A	\$ 38,592	\$ 32,856	Y	N			
TAX100	CP	9/7/2018	2/1/2020	117445	Auditor IV	N	SR22	13	R	1.00	A	\$ 48,828	\$ 57,324	Y	N			
TAX107	AA	10/6/2018	2/1/2020	102248	Administrative Rules Spclt	Y	SRNA	73	T	1.00	A	\$ 79,692	\$ 83,124	Y	N			
TAX100	CP	12/1/2018	2/1/2020	16049	Criminal Investigator	Y	SRNA	13	R	1.00	A	\$ 91,500	\$ 95,436	Y	N			
TAX100	CP	12/1/2018	2/1/2020	4413	Criminal Investigator	Y	SRNA	73	R	1.00	A	\$ 91,500	\$ 95,436	Y	N			
TAX100	EO	12/16/2018	2/1/2020	120117	Delinquent Tax Coll Asst II	N	SR17	3	R	1.00	A	\$ 43,368	\$ 46,476	Y	N			
TAX107	AA	12/31/2018	2/1/2020	1542	Management Analyst V	N	SR24	13	R	1.00	A	\$ 84,612	\$ 88,248	Y	N			
TAX107	AA	1/29/2019	2/1/2020	120986	Project Development Architect	Y	SRNA	73	R	1.00	A	\$ 150,000	\$ 97,140	Y	N			
TAX107	AC	2/8/2019	2/1/2020	35768	Information Technology Band B	N	SR22	13	R	1.00	A	\$ 43,428	\$ 47,100	Y	N			
TAX100	CO	2/16/2019	2/1/2020	122317	Tax Returns Examiner III	N	SR17	3	R	1.00	A	\$ 21,684	\$ 43,008	Y	N			
TAX107	AC	5/1/2019	2/1/2020	15253	Secretary II	N	SR14	63	R	1.00	A	\$ 37,056	\$ 41,364	Y	N			
TAX100	EO	5/1/2019	2/1/2020	47873	Delinquent Tax Coll Asst I	N	SR15	3	R	1.00	A	\$ 41,724	\$ 46,476	Y	Y	2		
TAX100	EO	7/1/2019	2/1/2020	33459	Delinquent Tax Coll Asst I	N	SR15	3	R	1.00	A	\$ 38,592	\$ 43,008	Y	N			
TAX100	CP	7/1/2019	2/1/2020	1538	Criminal Investigator	Y	SRNA	13	T	1.00	A	\$ 57,168	\$ 88,248	Y	N			
TAX100	CO	7/5/2019	2/1/2020	1521	Tax Returns Examiner II	N	SR15	3	R	1.00	A	\$ 32,976	\$ 36,732	Y	N			
TAX107	AA	8/1/2019	2/1/2020	121074	Management Analyst IV	N	SR22	13	T	1.00	A	\$ 40,128	\$ 41,856	Y	N			
TAX100	EK	8/1/2019	2/1/2020	121636	Delinquent Tax Coll Asst II	N	SR17	3	R	1.00	A	\$ 50,772	\$ 54,432	Y	N			
TAX107	AA	8/1/2019	2/1/2020	122632	Senior Executive Assistant	Y	SRNA	73	R	1.00	A	\$ -	\$ 153,372	Y	N			
TAX100	CO	8/12/2019	2/1/2020	26376	Tax Returns Examiner II	N	SR15	3	R	1.00	A	\$ 32,976	\$ 36,732	Y	N			
TAX107	AA	8/15/2019	2/1/2020	110184	Management Analyst IV	N	SR22	13	R	1.00	A	\$ 50,772	\$ 55,092	Y	N			
TAX100	CK	8/20/2019	2/1/2020	11517	Office Assistant III	N	SR08	3	R	1.00	A	\$ 29,328	\$ 35,340	Y	N			
TAX107	AA	9/16/2019	2/1/2020	100008	Private Secretary II	Y	SR22	63	R	1.00	A	\$ 48,792	\$ 74,508	Y	N			
TAX100	CH	10/1/2019	2/1/2020	27688	Tax Clerk	N	SR12	3	R	1.00	A	\$ 32,976	\$ 35,340	Y	N			
TAX107	AA	10/5/2019	2/1/2020	11590	Purchasing Technician II	N	SR13	3	R	1.00	A	\$ 38,592	\$ 41,364	Y	N			

Department of xxx
 Vacancy Report as of November 30, 2019

Table 11

Prog ID	Sub-Org	Date of Vacancy	Expected Fill Date	Position Number	Position Title	Exempt (Y/N)	SR Level	BU Code	Perm Temp (P/T)	FTE	MOF	Budgeted Amount	Actual Salary Last Paid	Authority to Hire (Y/N)	Occupied by 89 Day Hire (Y/N)	# of 89 Hire Appts	Describe if Filled by other Means	Priority # to Retain
TAX100	EO	10/15/2019	2/1/2020	26310	Delinquent Tax Coll Asst II	N	SR17	3	R	1.00	A	\$ 59,352	\$ 44,724	Y	N			
TAX100	EO	10/16/2019	2/1/2020	47881	Delinquent Tax Coll Asst I	N	SR15	3	R	1.00	A	\$ 38,592	\$ 39,720	Y	N			
TAX107	AA	10/18/2019	2/1/2020	122697	SES Senior Investigator	Y	SRNA	73	T	1.00	B	\$ 53,856	\$ 95,004	Y	N			
TAX107	AA	11/1/2019	2/1/2020	122266	Spcl Enfc Section Investigator	Y	SRNA	73	T	1.00	B	\$ 52,800	\$ 61,200	Y	Y	1		
TAX107	AC	1/2/2019	3/1/2020	1502	Information Technology Band B	N	SR24	13	R	1.00	A	\$ 43,428	\$ 55,092	Y	N			
TAX107	AC	1/2/2019	3/1/2020	27600	Information Technology Band B	N	SR24	13	R	1.00	A	\$ 81,372	\$ 88,248	Y	N			
TAX107	AC	2/7/2019	3/1/2020	120350	Information Technology Band B	N	SR22	13	R	1.00	A	\$ 45,168	\$ 67,044	Y	N			
TAX107	AC	6/28/2019	3/1/2020	120347	Information Technology Band B	N	SR22	13	R	1.00	A	\$ 43,428	\$ 50,916	Y	N			
TAX107	AC	10/1/2019	3/1/2020	120348	Information Technology Band B	N	SR22	13	R	1.00	A	\$ 43,428	\$ 57,324	Y	N			
TAX100	EO	10/12/2019	3/1/2020	16056	Office Assistant III	N	SR08	3	R	1.00	A	\$ 43,368	\$ 30,240	Y	Y	1		
TAX100	CK	10/16/2019	3/1/2020	117454	Auditor IV	N	SR22	13	R	1.00	A	\$ 64,284	\$ 69,732	Y	N			
TAX100	CO	10/31/2019	3/1/2020	1536	Tax Returns Examiner II	N	SR15	3	R	1.00	A	\$ 41,724	\$ 36,732	Y	N			
TAX105	BA	11/16/2019	3/1/2020	1558	Tax Information Technician II	N	SR12	3	R	1.00	A	\$ 32,976	\$ 35,340	Y	N			
TAX105	BA	11/23/2019	3/1/2020	41718	Office Assistant IV	N	SR10	3	R	1.00	A	\$ 37,056	\$ 32,664	Y	N			
TAX100	CK	11/20/2010	3/1/2020	122318	Tax Returns Examiner III	N	SR17	3	R	1.00	A	\$ 43,368	\$ 36,732	Y	N			
TAX100	CO	12/31/2017	redescribe PD	15255	Auditor VI	N	SR26	13	R	1.00	A	\$ 87,996	\$ 89,760	Y	N			
TAX105	BA	12/31/2018	redescribe PD	5765	Secretary III	N	SR16	63	R	1	A	\$ 46,932	\$ 45,680	Y	N			
TAX105	BA	7/1/2019	redescribe PD	123039	Management Analyst IV	N	SR22	13	R	1	A	\$ 52,956	\$ 52,956	Y	N			
TAX105	BA	7/1/2019	redescribe PD	123040	Management Analyst IV	N	SR22	13	R	1.00	A	\$ 52,956	\$ 52,956	Y	N			
TAX100	CM	9/16/2019	reorg	4417	Auditor IV	N	SR22	13	R	1.00	A	\$ 50,772	\$ 55,092	Y	N			
TAX107	AA	9/6/2018	reorg	38768	Tax Information Specialist I	N	SR20	13	R	1.00	A	\$ 46,932	\$ 50,916	Y	N			

Positions Established by Acts other than the State Budget as of November 30, 2019

<u>Prog ID</u>	<u>Sub-Org</u>	<u>Date Established</u>	<u>Legal Authority</u>	<u>Position Number</u>	<u>Position Title</u>	<u>Exempt (Y/N)</u>	<u>SR Level</u>	<u>BU Code</u>	<u>T/P</u>	<u>MOF</u>	<u>FTE</u>	<u>Annual Salary</u>	<u>Filled (Y/N)</u>	<u>Occupied by 89 Day Hire (Y/N)</u>
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NONE

Department of Taxation
Overtime Expenditure Summary

Table 13

Prog ID	Sub-Org	Program Title	MOF	FY18 (actual)			FY19 (actual)			FY20 (estimated)			FY21 (budgeted)		
				Base Salary \$\$\$\$	Overtime \$\$\$\$	Overtime Percent	Base Salary \$\$\$\$	Overtime \$\$\$\$	Overtime Percent	Base Salary \$\$\$\$	Overtime \$\$\$\$	Overtime Percent	Base Salary \$\$\$\$	Overtime \$\$\$\$	Overtime Percent
TAX100	CH	COMPLIANCE DIVISION - HAWAII	A	\$ 1,398,509	\$ 11,294	0.8%	\$ 1,325,244	\$ 17,363	1.3%	\$ 1,514,951	\$ 7,532	0.5%	\$ 1,514,951	\$ 7,532	0.5%
TAX100	CK	COMPLIANCE DIVISION - KAUAI	A	\$ 918,038	\$ 1,914	0.2%	\$ 769,384	\$ 5,670	0.7%	\$ 969,800	\$ 2,460	0.3%	\$ 969,800	\$ 2,460	0.3%
TAX100	CM	COMPLIANCE DIVISION - MAUI	A	\$ 1,238,925	\$ 27,409	2.2%	\$ 1,222,487	\$ 41,490	3.4%	\$ 1,306,964	\$ 17,997	1.4%	\$ 1,306,964	\$ 17,997	1.4%
TAX100	CO	COMPLIANCE DIVISION - OFFICE AUDIT	A	\$ 1,963,970	\$ 6,998	0.4%	\$ 1,868,448	\$ 14,017	0.8%	\$ 2,064,041	\$ 6,080	0.3%	\$ 2,064,041	\$ 6,080	0.3%
TAX100	CP	COMPLIANCE DIVISION - FIELD AUDIT	A	\$ 2,490,735	\$ 5,593	0.2%	\$ 2,087,681	\$ 1,487	0.1%	\$ 2,486,920	\$ 645	0.0%	\$ 2,486,920	\$ 645	0.0%
TAX100	EO	COMPLIANCE DIVISION - COLLECTIONS OAHU	A	\$ 2,357,129	\$ 71,575	3.0%	\$ 2,154,022	\$ 75,679	3.5%	\$ 2,539,146	\$ 32,828	1.3%	\$ 2,539,146	\$ 32,828	1.3%
TAX105	BA	DOCUMENT PROCESSING BRANCH	A	\$ 4,473,046	\$ 84,991	1.9%	\$ 2,606,527	\$ 43,844	1.7%	\$ 3,535,246	\$ 5,676	0.2%	\$ 3,535,246	\$ 5,676	0.2%
TAX105	BB	REVENUE ACCOUNTING BRANCH	A	\$ 399,840	\$ 1,127	0.3%	\$ 352,545	\$ -	0.0%	\$ 349,475	\$ -	0.0%	\$ 349,475	\$ -	0.0%
TAX105	BC	TAXPAYER SERVICES BRANCH	A	\$ 3,413,705	\$ 108,288	3.2%	\$ 2,923,410	\$ 74,936	2.6%	\$ 2,887,246	\$ 9,701	0.3%	\$ 2,887,246	\$ 9,701	0.3%
TAX107	AA	OFFICE OF THE DIRECTOR/ADMIN SVCS/RULES/FUNCTIONAL SUPPORT	A	\$ 3,801,901	\$ 82,337	2.2%	\$ 3,687,972	\$ 63,671	1.7%	\$ 4,008,295	\$ 90,492	2.3%	\$ 4,008,295	\$ 90,492	2.3%
TAX107	AC	INFORMATION TECHNOLOGY SERVICES OFFICE	A	\$ 1,594,744	\$ 26,539	1.7%	\$ 1,377,073	\$ 26,136	1.9%	\$ 2,435,246	\$ 37,146	1.5%	\$ 2,435,246	\$ 37,146	1.5%
TAX107	AD	TAX RESEARCH & PLANNING OFFICE	A	\$ 535,737	\$ -	0.0%	\$ 473,753	\$ -	0.0%	\$ 487,587	\$ -	0.0%	\$ 487,587	\$ -	0.0%
TAX107	AA	SPECIAL ENFORCEMENT SECTION	B	\$ 373,488	\$ -	0.0%	\$ 535,723	\$ -	0.0%	\$ 1,182,261	\$ -	0.0%	\$ 1,182,261	\$ -	0.0%

Department of xxx
Active Contracts as of December 1, 2019

Table 14

Prog ID	MOF	Amount	Frequency (M/A/O)	Max Value	Outstanding Balance	Term of Contract			Entity	Contract Description	Explanation of How Contract is Monitored	POS Y/N	Category E/L/P/C/G/S/*
						Date Executed	From	To					
TAX100	A	\$ 87,424	M	\$288,000 annually	\$174,764.00	7/1/2016	7/1/2016	On-going term 180 days notice	AG	Collection of DOTAX's delinquent tax accounts.	Collections branch receives monthly reports from the AG.	N	S
TAX107	A	\$ 14,824	M	\$30,000 annually	\$16,513.00	8/1/2017	8/1/2017	On-going term 60 days notice	AG	Conduct Admin and felony criminal investigations involving misconduct and other issues involving DOTAX.	Personnel section to monitor cases with the AG.	N	S
TAX107	A	\$ 1,422	M	\$125,000 5 yr lease	\$ 123,577.51	10/1/2019	10/1/2019	9/30/2024	Ricoh	High volume printing machine on lease for DOTAX's printshop.	Admin Svcs Office monitors activity.	N	S
TAX107	B	\$ 90,828	M	\$161,514.00	\$70,686.00	7/1/2017	7/1/2017	6/30/2020	Meyercord Revenue	To provide heat applied cigarette tax stamps.	The invoice is verified with our Taxpayer Services and Processing section.	N	G
TAX100	A	\$ -	O	\$28,333.25	\$28,333.25	11/22/2019	11/22/2019	11/21/2020	Fileminders	Shredding services for DOTAX	Admin Svcs Office monitors activity and review invoices.	N	S
TAX107	A	\$ 13,337	M	\$38,157.20	\$24,820.15	7/1/2019	7/1/2019	6/30/2020	Pacific Courier, Inc.	Security armored car svcs for DOTAX.	Invoices are reviewed by the Admin Services Office.	N	S
TAX107	A	\$ 328,648	M	\$376,201.99	\$47,554.06	4/11/2016	4/11/2016	3/31/2020	DR Fortress	Colocation data center space for disaster recovery.	Verified with our IT section for services rendered.	N	S
h both Cl	C, A	\$ 45,049,852	O	\$60,575,045.00	\$15,525,193.00	7/15/2015	7/15/2015	7/14/2025	FAST Enterprises	Tax System Modernization project (TSM). Goods & services to implement an integrated tax system for DOTAX	Verified with our Tax System Modernization (TSM) team for services rendered.	N	S
TAX107	A	\$ 23,195	O	\$40,771.52	\$17,576.88	12/4/2018	12/4/2018	10/31/2020	EMSS	Printing and distribution of 1099-G and 1099-INT	Verification with staff associated with tax forms.	N	S
TAX107	A	\$ 76,712	O	\$110,515.53	\$33,803.42	11/21/2018	11/21/2018	11/20/2020	Pacific Business Forms	Printing and distribution of loose tax forms	Verification with staff associated with tax forms.	N	S
TAX107	A	\$ 14,757	O	\$31,392.89	\$16,635.72	12/20/2018	12/20/2018	12/19/2020	Pacific Business Forms	Assembly and distribution of GE booklets	Verification with staff associated with tax forms.	N	S
TAX107	A	\$ 34,137	M	\$353,590.20 5 yr lease	\$ 319,453.08	5/1/2019	5/1/2019	4/30/2024	Xerox	Multi-function copy machines on lease for DOTAX offices	Admin Svcs Office monitors activity and review invoices.	N	S
TAX100/105	A	\$ 4,591	M	7,378.08 annually	\$ 2,787.08	Ongoing	Various	Various	Alert Alarm	Security/Alarm services for DOTAX	Admin Svcs Office monitors activity and review invoices.	N	S
TAX100/105	A	\$ 15,967	O	31,939 annually	\$ 14,982.20	Ongoing	Various	Various	Pitney Bowes	Mailing/postage equipment on lease for DOTAX	Admin Svcs Office monitors activity and review invoices.	N	S
TAX107	A	\$ 26,430	M	86,400 annually	\$ 59,970.40	10/1/2017	10/1/2017	On-going term 30 day notice	Dept. of Public Safety MOA	Sheriff coverage at the Keelikolani Building	Admin Svcs Office monitors activity and review invoices.	N	S
TAX107	A	\$ -	O	10,000 annually	\$ 10,000.00	10/1/2017	10/1/2017	On-going term 60 days notice	DLIR MOA	To share in the security costs for the Keelikolani Building	Admin Svcs Office monitors activity and review invoices.	N	S

Department of Taxation
Capital Improvements Program (CIP) Requests

Table 15

<u>Prog ID</u>	<u>Prog ID</u> <u>Priority</u>	<u>Dept-</u> <u>Wide</u> <u>Priority</u>	<u>Senate</u> <u>District</u>	<u>Rep.</u> <u>District</u>	<u>Project Title</u>	<u>MOF</u>	<u>FY20 \$\$\$</u>	<u>FY21 \$\$\$</u>
NONE								

Department of Taxation
CIP Lapses

Table 16

<u>Prog ID</u>	<u>Act/Year of Appropriation</u>	<u>Project Title</u>	<u>MOF</u>	<u>Lapse Amount</u> \$\$\$\$	<u>Reason</u>
NONE					

Department of Taxation
Program ID Sub-Organizations

Program ID	Sub-Org Code	Name	Objective
TAX100	CH	COMPLIANCE DIVISION - AUDIT BRANCH HAWAII	Responsible for administrative matters of the Branch; performs personnel and fiscal activities and housekeeping functions of the Branch. Provides assistance, information, and services on all taxes administered by the Department to taxpayers who walk-in, call-in, or correspond. Conducts office and field examinations of all tax returns filed for general excise, income, miscellaneous, and transient accommodation taxes on the Neighbor Islands. Prepares tax assessments, following established rules. Conducts/enforces collection of delinquent taxes by appropriate collection procedures. Conducts office examinations of tax returns filed for general excise, income, miscellaneous, and transient accommodations taxes. Prepares tax assessments, following established rules. Represents the Department in appeals to the Board of Review for their respective districts. Provides administrative/clerical assistance to the Board of Review.
TAX100	CK	COMPLIANCE DIVISION - AUDIT BRANCH KAUAI	Responsible for administrative matters of the Branch; performs personnel and fiscal activities and housekeeping functions of the Branch. Provides assistance, information, and services on all taxes administered by the Department to taxpayers who walk-in, call-in, or correspond. Conducts office and field examinations of all tax returns filed for general excise, income, miscellaneous, and transient accommodation taxes on the Neighbor Islands. Prepares tax assessments, following established rules. Conducts/enforces collection of delinquent taxes by appropriate collection procedures. Conducts office examinations of tax returns filed for general excise, income, miscellaneous, and transient accommodations taxes. Prepares tax assessments, following established rules. Represents the Department in appeals to the Board of Review for their respective districts. Provides administrative/clerical assistance to the Board of Review.
TAX100	CM	COMPLIANCE DIVISION - AUDIT BRANCH MAUI	Responsible for administrative matters of the Branch; performs personnel and fiscal activities and housekeeping functions of the Branch. Provides assistance, information, and services on all taxes administered by the Department to taxpayers who walk-in, call-in, or correspond. Conducts office and field examinations of all tax returns filed for general excise, income, miscellaneous, and transient accommodation taxes on the Neighbor Islands. Prepares tax assessments, following established rules. Conducts/enforces collection of delinquent taxes by appropriate collection procedures. Conducts office examinations of tax returns filed for general excise, income, miscellaneous, and transient accommodations taxes. Prepares tax assessments, following established rules. Represents the Department in appeals to the Board of Review for their respective districts. Provides administrative/clerical assistance to the Board of Review.
TAX100	CO	OAHU OFFICE AUDIT BRANCH	Conducts office examinations of all tax returns filed for general excise, income, miscellaneous, and transient accommodation taxes on Oahu. Represents the Department in appeals to the Board of Review for cases originating or transferred to the Oahu District. Disseminates information through audit contact or taxpayer inquiry about the proper reporting methods or Departmental positions on tax and related matters. Reviews for approval/disapproval request for waiver for the withholding of income tax on the disposition of Hawaii real property by non-resident.
TAX100	CP	OAHU FIELD AUDIT BRANCH	Conducts field examinations of all types of tax returns and supporting records of larger taxpayers involving complex records and transactions. Represents the Department in appeals to the Board of Review for cases originating or transferred to the Oahu District. Disseminates information through audit contact or taxpayer inquiry about the proper reporting methods or Departmental positions on tax and related matters. Responsible for administrative matters of the Branch; performs personnel and fiscal activities and housekeeping functions for the Branch.
TAX100	EO	OAHU COLLECTION BRANCH	Conducts/enforces collection of delinquent taxes by appropriate collection procedures; secures non-filed returns from taxpayers; and conducts investigations to determine compliance with state tax laws. Develops policies and procedures, renders guidelines and recommendations and provides coordination and assistance in enforcement activities; participates in resolving complex enforcement cases; and recommends goals and objective; and reviews objectives and accomplishments with operating personnel.
TAX105	BA	DOCUMENT PROCESSING BRANCH	Plans, directs and coordinates a comprehensive, centralized system of receiving and processing of tax information and payments (paper documents or electronic data) for the Department of Taxation. Establishes initial control over monies and documents and provides for a system for the rapid update of taxpayer accounts. Provides for a centralized statewide filing system for paper tax returns. Coordinates and oversees electronic processing activities, updates, testing, and new initiatives. Provides support for ongoing EFT development and changes, and support for growth of DOTAX electronic processing capabilities.
TAX105	BB	REVENUE ACCOUNTING BRANCH	Responsible for the maintenance of the revenue control and subsidiary ledgers, the control and accounting for all refunds, regardless of tax type, which are created by either overpayment or adjustment, the maintenance of the accounting system for protested payments and tax appeals, the preparation of the statement of tax operations and related reports, and processing and accounting activities statewide of all Miscellaneous taxes (except Estate & Transfer tax).
TAX105	BC	TAXPAYER SERVICES BRANCH	Provides centralized services on all taxes, licenses, and permits administered by the department to all customers who walk-in, call-in, correspond, or E-mail. Also provides computer-based error correction activities in order to post returns to system.
TAX107	AA	OFFICE OF THE DIRECTOR	Under general direction of the Governor of the State of Hawaii, plans, directs and coordinates the various activities of the department within the scope of laws and established policies and regulations.
TAX107	AA	RULES OFFICE	Serves as a resource for complex policy recommendations and complex taxpayer support.
TAX107	AA	ADMINISTRATIVE SERVICES OFFICE	Provides general internal fiscal and personnel management assistance to the Director in exercising responsibilities as executive of the department. Advises and provides staff services in the area of program budgeting and planning, management of available resources and facilities management.
TAX107	AC	INFORMATION TECHNOLOGY SERVICES OFFICE	Advises the Director on all matters pertaining to computerization and automation, formulating associated policies and procedures. To enhance the Department of Taxation's program effectiveness and efficiency by automating major program functions deemed feasible.
TAX107	AD	TAX RESEARCH & PLANNING OFFICE	Plans, organizes, directs and coordinates a tax research and tax planning program for the department. Provides the department with statistical information and projections as to tax yields, tax impacts, and economic conditions affecting taxes.

Department of Taxation
Organization Changes

Table 18

<u>Year of Change</u> FY20/FY21	<u>Description of Change</u>
FY20	Established Quality Control (QC) Office
	<p>Establishment of Quality Control (QC) – On July 2, 2007, the Tax Law Changes (TLC) Unit was formed on a temporary basis to assist the Systems Administration Office with the heavy workload in addressing tax law changes requiring changes to forms, requirements, and systems testing requirements. Eventually, a total of five (5) positions were detailed/deployed from their original sections in Compliance and Tax Services and Processing to a temporary unit. With the Tax System Modernization (TSM) project, the existing TLC unit was integrated into the TSM program in April 2018 to provide hands-on experience with the new tax management software and leads the efforts for testing TSM-related 2018 tax law changes to the TSM systems. This team has evolved to become a “Quality Control Office” as system changes are made through the year. The purpose of the reorganization is to formally establish this team, which is long overdue. This reorganization is necessary to meet the requirements to design, develop, deploy and test changes to the TSM systems that are on-going and to ensure that the tax processing systems are configured to meet business requirements, coordinate technical changes, and complete internal inspections.</p>