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TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1491, S.D. 1, Relating to Departmental Data Sharing.

BEFORE THE:

House Committee on Labor

DATE: Tuesday, March 11, 2025

TIME: 9:30 a.m.

LOCATION: State Capitol, Room 309

Chair Sayama, Vice-Chair Lee, and Members of the Committee:

The Department of Taxation (DOTAX) offers testimony in support of S.B. 1491, S.D. 1, an Administration measure.

S.B. 1491, S.D. 1, adds DOTAX and the Department of Business, Economic Development, and Tourism to the list of state agencies sharing data through the statewide longitudinal data system under section 27-7, Hawaii Revised Statutes (HRS). This allows DOTAX to provide certain wage data to the University of Hawaii and other state agencies.

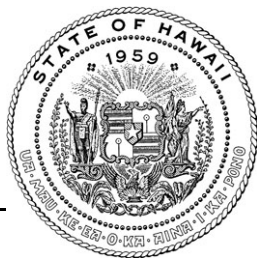
DOTAX's primary concern with sharing data is the protection of confidential taxpayer information. This bill addresses that concern in two ways:

1. Section 27-7(a), HRS, provides that any data provided by DOTAX shall be aggregated or anonymized; and
2. Section 27-7(d), HRS, provides that all data shared by DOTAX shall be subject to any state or federal laws and any administrative rule regarding privacy adopted by the DOTAX.

This measure has a defective effective date of July 1, 2050.

If this bill passes with an effective date, DOTAX is able to participate in the sharing of aggregated or anonymized data through the Statewide Longitudinal Data System, as contemplated in this bill.

Thank you for the opportunity to provide comments on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON LABOR

Tuesday, March 11, 2025, 09:30 AM
State Capitol, Conference Room #309

In support of
SB 1491 SD1
RELATING TO DEPARTMENTAL DATA SHARING.

Chair Jackson, Vice Chair Lee, and members of the House Committee on Labor. The Department of Business, Economic Development and Tourism (DBEDT) offers comments on SB1491 SD1, which expands the Statewide Longitudinal Data System (SLDS) by adding DBEDT and the Department of Taxation (DOTAX) as data-sharing partners.

This measure aims to improve workforce data collection and economic planning, particularly for nontraditional workforce participants such as self-employed individuals, entrepreneurs, and gig workers. While DBEDT supports the intent of strengthening workforce data integration, we offer the following comments regarding data confidentiality and workforce alignment considerations.

DBEDT's Role & Commitment to Data Confidentiality

- DBEDT provides labor market analysis and workforce projections to guide economic and workforce development strategies.

- READ collects workforce survey data, but federal confidentiality laws restrict DBEDT from sharing raw survey data.
- DBEDT will only share aggregated workforce data to protect privacy, consistent with DOTAX's requirement for anonymized tax data.
- Mandated data-sharing may reduce survey participation rates, increasing costs for DBEDT's research and limiting data quality.

Alignment with SB1585 SD1 (Workforce Performance Metrics Bill)

- SB1491 (SLDS expansion) provides critical data for SB1585 (workforce metrics tracking).
- DBEDT recommends that SB1585 explicitly reference SB1491 data to ensure workforce performance tracking is accurate and non-duplicative.
- Improved workforce data integration will support both public and private sector job tracking.

Recommendations for SB1491 SD1

- DBEDT recommends the following considerations to ensure effective and compliant workforce data integration:
 - Clarify that DBEDT's role is advisory and that all shared data must remain aggregated to protect confidentiality.
 - Acknowledge that federal laws limit DBEDT's ability to share raw workforce survey data.
 - Ensure that workforce data-sharing efforts align with SB1585 SD1 to avoid duplicative tracking systems.

Conclusion

DBEDT supports the intent of SB1491 SD1 but provides comments to ensure data confidentiality and effective workforce data integration.

- It enables better tracking of self-employed and gig workers.
- It ensures workforce data is comprehensive while protecting confidentiality.

- It aligns with DBEDT's economic planning role and strengthens workforce accountability.

DBEDT looks forward to collaborating with SLDS partners to ensure workforce data-sharing efforts comply with privacy laws while supporting workforce development initiatives.

Mahalo for the opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Labor
Tuesday, March 11, 2025, at 9:30 a.m.

By
Debora Halbert, Vice President for Academic Strategy
University of Hawai'i System

SB 1491 SD1 – RELATING TO DEPARTMENTAL DATA SHARING

Chair Sayama, Vice Chair Lee, and Members of the Committee:

I am writing to support SB 1491 SD1 to include the Department of Taxation in the list of state agencies required to share data through the statewide longitudinal data system. By formalizing data-sharing practices with the Department of Taxation, we will be better equipped to track and analyze workforce outcomes. We defer to the Department of Business, Economic, Development, and Tourism on their inclusion in the language of the bill, but generally support the idea of data sharing for the purposes of longitudinal data analysis.

As it stands, the University of Hawai'i (UH) tracks post-graduation outcomes with some limitations. The most significant gaps involve the lack of data on individuals who are federally or self-employed, leaving the analysis incomplete. By adding the Department of Taxation to the agencies that share data, UH would be able to conduct more accurate and comprehensive analyses of post-graduate outcomes and labor market trends in Hawai'i, which in turn can inform policies and programs aimed at improving educational and workforce outcomes.

More complete data means better policy decisions. We could refine workforce development programs, adjust educational curricula, and create initiatives that better prepare graduates for real-world employment scenarios, ensuring that they are competitive in both the local and global economy.

I appreciate that the bill includes safeguards for privacy and confidentiality, ensuring that any data provided by the Department of Taxation will be aggregated or anonymized. This ensures compliance with federal privacy standards and assures the public that their personal data will remain secure.

Thank you for your time and consideration.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Data Sharing; Statewide Longitudinal Data Sharing

BILL NUMBER: SB 1491 SD 1

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: Adds the Department of Taxation and the Department of Business, Economic Development, and Tourism to the list of state agencies sharing data through the statewide longitudinal data system. Allows the Department of Taxation to provide the University of Hawai'i and other state agencies certain wage data.

SYNOPSIS: Amends section 27-7, HRS, to add the Department of Taxation and the Department of Business, Economic Development, and Tourism to the State's existing longitudinal data system, provided that Taxation data is aggregated or anonymized.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: This is an Administration bill sponsored by the University of Hawaii and designated UOH-11 (25).

We have no objection to efforts to analyze case data from Hawaii government agencies, as long as individual taxpayer privacy is respected.

Digested: 3/7/2025



Testimony Presented Before the
House Committee on Labor
Tuesday, March 11, 2025, at 9:30 a.m.

By
Stephen Schatz, Executive Director
Hawai'i P-20 Partnerships for Education

SB 1491 SD 1– RELATING TO DEPARTMENTAL DATA SHARING

Chair Sayama, Vice Chair Lee, and Members of the Committee:

Thank you for the opportunity to testify on SB 1491 SD 1 relating to departmental data sharing across state agencies to include the Department of Taxation (DOTAX) and the Department of Business, Economic Development, and Tourism (DBEDT) in the statewide longitudinal data system (SLDS).

Hawai'i P-20 Partnerships for Education (Hawai'i P-20) supports SB 1491. Since 2010, Hawai'i P-20 has managed the Hawai'i Data eXchange Partnership (DXP), which consists of five state agencies: the Department of Education, University of Hawai'i (UH), Department of Labor and Industrial Relations (DLIR), Department of Health, and Department of Human Services. This group governs Hawai'i's cross-agency SLDS that links information on individuals from infancy through early learning, K-12 and postsecondary education, and into the workforce. On behalf of the DXP, Hawai'i P-20 coordinates data sharing among state agencies which is executed through legally vetted agreements that list specific data elements, the purpose, and the use of the data. Compliance with state and federal guidelines and regulations pertinent to the data sharing partner are always followed. Partners maintain control over their data via DXP's governance policy and processes. (More information available at: <https://www.hawaiidxp.org/>).

Data sharing between UH and DLIR provides valuable information on UH graduates in Hawai'i's workforce, but that data is incomplete as it does not include self-employed or federal workers. DOTAX data could help provide a more complete picture of workforce outcomes, particularly for those who are federally- or self-employed. Hawai'i P-20 will work with both DLIR and DBEDT to explore available data that could enhance the SLDS.

Thank you for the opportunity to submit testimony on this measure.