



DEPARTMENT OF TAXATION

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FOR IMMEDIATE RELEASE

December 30, 2015

Tax System Transformation on Track to Reduce Return Delays and Save State Money

HONOLULU—The Department of Taxation announced today the successful implementation of the first of five rollouts planned for the Tax System Modernization Program. The first rollout went into operation ahead of schedule and within budget.

Three IT systems that were old, unreliable and costly to maintain were replaced with modern scanning and mail-opening equipment that will reduce tax-return processing delays caused by aging machines. The new equipment also supports processing automation features that will lead to greater efficiency in future phases of the department's modernization effort.

A parallel element of the first rollout replaced the antiquated phone system. New self-service options and an improved customer support function will significantly enhance the quality of help taxpayers receive over the phone. The system also allows the state to collect performance-tracking data without paying an external vendor for the information.

The final feature of the first rollout is a direct gateway to the IRS' Modernized eFile data that will save the state hundreds of thousands of dollars in fees it has been paying a third-party vendor to perform interface functions when taxpayers file electronically using tax preparation software or external e-filing services of their choice.

"The upgraded equipment and software greatly increase the efficiency of our operations, and taxpayers should see improved service right away. We anticipate fewer delays in processing tax returns and increased responsiveness to telephone enquiries in the upcoming tax season. Future phases of the modernization program will allow us to be even more responsive to the taxpayers of Hawaii," said Tax Director Maria Zielinski.

The second rollout, which includes the General Excise, Transient Accommodation and Rental Motor Vehicle taxes, is currently underway and scheduled to be completed in August 2016. In total, the five rollouts are scheduled to be completed by mid-2019 and cost approximately \$59 million.

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