

**DEPARTMENT OF TAXATION'S REPORT TO THE 2005 LEGISLATURE
REGARDING THE DEPARTMENT'S GOALS AND OBJECTIVES AS
REQUIRED BY ACT 100, SESSION LAWS OF HAWAII 1999**

December 2004

The Department of Taxation (Department) will be publishing its Annual Report, which contains more detailed information relating to the activities of the Department for the fiscal year, including a description of the Department's various divisions and offices, tax revenue collections, and new tax law changes. A copy will be distributed to the Committee as soon as the Report is finalized and published. Our Report will also be available on our website for the public to view.

The following is a list of the Department's goals and objectives for the coming year as required by Act 100, Session Laws of Hawaii 1999:

GOAL 1: **To promote and achieve a high level of voluntary compliance, i.e., where taxpayers are voluntarily paying the proper taxes on a timely basis.**

Objective 1: Increase the collection of delinquent taxes by an additional \$35 million within the next three fiscal years.

Action Plan: Obtain 32 more positions and recruit and train such collectors, auditors, and support staff (collectively, "Tax Compliance Team") to collect a greater percentage of the amount that is properly owed to the State of Hawaii.

Process: Request legislative approval for increasing the Tax Compliance Team.

Objective 2: To promote increased awareness of the Hawaii tax system and tax obligations to the State of Hawaii.

Action Plan 1: Provide guidance, administrative rules, tax information releases, press release, and publications to educate the public about our tax system and the changes to our tax law on regular basis. Conduct meetings, seminars, and other outreach activities on a regular basis to continuously educate the public of our tax system and the various changes to the tax law.

Process: Ensure that publications, seminars, and speeches reach key segments of the public, e.g., the tax practitioner and business community, and the general public. Educate the public continuously of Hawaii tax laws including their tax obligations and any tax law changes.

Action Plan 2: Conduct real time targeted compliance projects. The Department will strive to target education and compliance projects on a real time basis to ensure maximum compliance with the Hawaii tax laws, seeking a higher return on its allocation of resources, and increasing the exposure of targeted compliance projects so that the public and business community have confidence in the integrity of the tax system, i.e., that everyone is paying their fair share of taxes.

Process: Strive to increase the actual collections of known and unknown tax delinquencies on a timely, efficient, and effective basis.

GOAL 2: Being more business and customer friendly.

Objective 1: Improve the quality and timeliness of services provided to taxpayers and taxpayers' representatives.

Action Plan 1: Establish and meet targeted timelines in responding to taxpayers' request and/or inquiry(ies). A rule of thumb is to pick up the phone within several rings, and to respond to the written inquiry within 10 business days for routine questions and within 20 business days for complex questions. Create more performance based measures such a recognizing exceptional performances, e.g., the hard work of the Compliance Division in collecting an additional \$75 million in delinquent taxes over the last 2 fiscal years.

Process: Continue obtaining feedback from taxpayers on how we can better serve them and improve our services to them. Review annually how the Department has met its objectives.

Action Plan 2: Provide "one-stop customer service" to the public. The Department strives to ensure that the taxpayers have a seamless encounter with the Department; and will seek to be flexible and solution-oriented at the taxpayers' initial contact with the Department.

Process: Continue conducting the customer service survey to obtain feedback from taxpayers on how we can better serve them. Review the customer service surveys cards every quarter to see how the Department has met its objective.

Action Plan 3: Provide more "one phone call away or one click away" service to the public so that they can promptly obtain certain tax information, including after hours, on a "24-7" basis.

Process: Continuously expand and improve the services the Tax Department offers including making refund status available 24/7 (24 hours per day, 7 days per week) via automatic voice response unit and making available electronic deposits of refunds; returning to the 8 1/2" x 11" general excise tax booklets; creating a practitioners' hotline; expanding the E-filing capability by making more forms available for e-filing; and eventually, making available information that taxpayers can obtain over the Internet, such as the taxpayer's tax account's history including filing and payment information.

Objective 2: Be more accessible, flexible, transparent, and solution-oriented.

Action Plan: Invite and provide open communication with representatives of the private sectors including the Tax Executives Institute, Hawaii Society of Enrolled Agents, Hawaii Technology Trade Association, and the Chamber of Commerce, and the public sectors including Department of Business Economic Development and Tourism, Department of Labor, and Department of Commerce and Consumer Affairs to discuss tax issues which encourage and stimulate business activity and investment in Hawaii.

Process: Continue obtaining feedback from the private and public sector on how we can better serve them. Review annually how the Department has met its objective.

Objective 3: Improve morale and upgrading the skill level of our staff.

Action Plan 1: Provide internal and external training to our staff to upgrade their skill level and cultivate professional growth. Recognize exceptional performances through awards and letters to personnel files, and Director and Deputy Director sponsored events, e.g., bento luncheons for the hard work.

Process: Review our staff's performance level annually, and recommend training for continuous improvement and/or upgrading of skill level.

Action Plan 2: Recruit highly skilled and experienced professionals that would then share and train their colleagues and staff.

Process: Create an external and internal outreach office that would then be in charge of coordinating and conducting the external and internal training on a regular basis to existing staff and an orientation for new staff.

- Objective 4:** Provide a better working environment for the staff.
- Action Plan 1:** Promote teamwork via open communication among peers, supervisors, managers, and executives. Emphasize the interdependency of all divisions and offices within the Department of Taxation, and within the State Agencies. Encourage concepts such as the "FISH" training to create a more positive enjoyable working environment.
- Process:** Regularly conduct a meeting with executives within Department of Taxation and with other State Agencies; constantly walk through the Department to have an open communication with staff members.
- GOAL 3:** **Promote a tax system that assures the public that the tax laws are administered and enforced fairly, efficiently, and with integrity for all taxpayers.**
- Objective 1:** Diligently pursue taxpayers who fail to pay their fair share of taxes with appropriate consideration for the issue, amount and circumstances.
- Action Plan:** Supervise and monitor tax assessments including periodic review to discuss strategy, development, and resolution.
- Process:** Educate the public and affected taxpayers of major decisions or policies that could affect their tax liability and assure them that other taxpayers are paying their fair share of taxes, including, as appropriate, press releases.
- Objective 2:** Work closely with the Office of the Attorney General, Tax Division, to protect the government's tax claims in the U.S. Bankruptcy Court, foreclosure suits, probate courts, and interpleaders.
- Action Plan:** Coordinate and monitor litigation of Deputy Attorneys General (DAGs) including periodic cases audits to discuss strategy, development, and resolution.
- Objective 3:** Coordinate and work closely with the Internal Revenue Service to jointly achieve as high a level of voluntary compliance as possible. Also seek to share resources and experiences to improve Hawaii's tax system.

GOAL 4:

Integrate and maximize the benefits of new technology.

Objective 1:

Maximize the new technology in the Department of Taxation.

Action Plan:

Learn and maximize the benefits of the new computer system for all division administrators, officers, managers, supervisors, and staff in the Department, where we can streamline our processes and obtain the highest return of our investment.

Process:

Review annually how the Department can improve and integrate technology within the Department.