

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

November 16, 2009

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 foster the highest level of voluntary compliance, i.e., where taxpayers are voluntarily paying the proper taxes on a timely basis.**

Objective 1: **Voluntary Compliance**

Promote and foster the highest level of voluntary compliance by educating, assisting, and facilitating taxpayers in achieving the highest level of voluntary compliance. Develop a timely, efficient, and effective compliance program for non-filers, delinquent taxpayers, and other high risk taxpayers to strive for the highest quality and quantity of Department's delinquent tax collections.

Strategy 1:

Educate, assist and facilitate the public and all taxpayers in understanding and meeting their Hawaii tax obligations.

Develop and continuously strive to improve a dynamic real-time compliance program that ensures the maximum level of voluntary compliance, and ensures, as best as possible, that all taxpayers are paying their fair share of taxes.

Action Plan 1:

Educate the public, tax practitioners, and specific industries so that they can understand and meet their Hawaii tax obligations through workshops, articles, and other media. Further provide top-notch customer service and technical assistance to help the public, tax practitioners, and specific industries understand and meet their Hawaii tax obligations.

Develop and continuously strive to improve a dynamic real-time compliance program that includes timely, efficient, and effective audits, collections, criminal tax investigations, and tax litigation. Leverage and prudently utilize limited resources, and partner with the IRS and other states to maximize benefits and avoid duplication.

GOAL 2: To provide the public and all taxpayers with top-notch customer service and a business-friendly attitude.

Objective 2: Top-Notch Customer Service and a Business-Friendly Attitude

Promote and foster a service-oriented culture and environment ---particularly in the Taxpayer Services Branch, and the Rules Offices including the Technical Section. Further, the service-orientated culture and environment should include a timely, flexible, and solution-oriented approach.

Strategy 2:

Recruit, train and encourage managers and employees that promote top-notch customer service and a business-friendly attitude.

Action Plan 2:

Provide top-notch customer service and a business-friendly attitude that includes courteous, patient, empathetic, timely, efficient, flexible, and solution-oriented managers and employees.

GOAL 3: To provide the public and all taxpayers with timely, efficient, and effective tax services operations.

Objective 3.1:

Strive to provide timely processing and creation of taxpayer records, and a high level of customer satisfaction.

Objective 3.2:

Enhance operational efficiencies through use of emerging or alternative technologies that will provide maximum benefits to the public, all taxpayers, and the Department.

Strategies 3.1 – 3.2:

Improve services in the document processing, taxpayer services, and revenue accounting processes, to be accomplished by implementing strategies determined under the Post-ITIMS (Integrated Tax Information Management Systems) Operations Analysis (PIOA) plan incrementally over the next several years.

Action Plans 3.1 – 3.2:

The PIOA plan and creation of electronic registration and deposit system(s) will proceed in concert with the new information technology strategy, including electronic delivery of services and electronic submissions. This project will be accomplished in phases through the use of

implementation teams, phased training for staff as they enter reengineered processes, and pilot projects to initiate and further refine the reengineered processes.

Objective 3.3: Document Processing

Provide a timely and effective system to receive, prepare, and post documents and payments received by the Department.

Strategy 3.3:

Promote efficiency and timeliness in document processing, to be measured by cycle times for issuing refunds, depositing remittances, and making available internally taxpayer account information.

Action Plan 3.3

Implementation of the PIOA plan. Envisioned key features for document processing are:

- Use of scanning and creation of the catalog record from electronic information;
- Allowing taxpayers to check refund and general excise tax filing and payment status via the telephone and Internet;
- Utilizing different PO Boxes for individual income returns with payments and without payments (usually refunds).

Objective 3.4: Cash Management

Ensure timely, accurate, and effective receipt and disbursement of tax related payments and refunds.

Strategy 3.4:

To administer provisions of the state tax code for the mutual benefit of the taxpayer and state by timely processing, accurate posting of returns and payments, efficient cycle times, sound financial management, and on-time fund transfers.

Action Plan 3.4:

- Provide for increased electronic submission of documents;
- Provide for electronic payment of tax liability and increasing numbers of electronic funds transfers (EFT) versus paper remittances to the Department by increasing the payment vehicle via EFT above a specified amount.

Objective 3.5: Licensing/Tax Clearances

Provide a timely and effective system to issue tax clearances and licenses.

Strategy 3.5:

Promote efficiency and timeliness in application processing, to be measured by cycle times for the issuance of licenses and tax clearances and the preparation and making available of online records.

Action Plan 3.5:

Implementation of the PIOA plan and creation of electronic registration and deposit system(s). Envisioned key features for registration, tax clearances, account information are:

- Processing using electronic images of applications, returns, payments, etc.;
- One-time initial correspondence with the taxpayer on all issues or filing errors;
- Availability of applications and registration information via the Internet;
- Encouragement of payments via the Internet to be handled by third-party transactors (credit, charge, and debit cards, electronic funds transfers [EFT]);

GOAL 4: **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 4.1: **Administer Hawaii tax laws fairly and with integrity**

Treat similarly-situated taxpayers fairly and equally. Diligently pursue taxpayers who fail to pay their fair share of taxes with appropriate consideration for the issue, amount, and circumstances.

Strategy 4.1:

Develop a vigilant compliance program that focuses on high risk taxpayers, nonfilers, leverages and prudently utilizes limited resources, and partners with the IRS and other states to maximize benefits and avoid duplication.

Action Plan 4.1:

Monitor and continuously seek to improve a dynamic real-time compliance program that ensures, as best as possible, that all taxpayers are paying their fair share of taxes.

Objective 4.2: **Promote transparency and stakeholder input**

Promote and foster transparency and encourage input from stakeholders such as the public, tax practitioners, and interested taxpayers.

Strategy 4.2:

Be proactive with stakeholders by reaching out and seeking their input through meetings, luncheons, and like functions.

Action Plan 4.2:

Circulate and publish Tax Department administrative initiatives including rules and tax information releases and invite input from stakeholders.

Objective 4.3: Rulemaking and Tax Information Releases

Carry out responsibilities mandated by law by conducting rulemaking proceedings, and issuing necessary tax information releases to implement and inform the public.

Strategy 4.3:

To fulfill the Department's general regulatory role within the timetables set by law.

Action Plan 4.3:

The Action Plan to accomplish this objective includes:

- Ongoing monitoring of the development and use of tax credits;
- Ongoing performance of all regulatory activity;
- Preparing and publishing informational notices of inquiry and notices of proposed rulemaking;

Objective 4.4: Technical/Legal Assistance

Provide taxpayers with timely expert assistance on tax law changes, development of forms and schedules in accordance to statute, and interpreting the State of Hawaii tax code and related issues both internally and externally.

Strategy 4.4:

Provide education and assistance to the public and taxpayers, and the Department's staff including timely technical and legal advice on changes in the law.

Action Plan 4.4:

- The Department will analyze legislative proposals and identify emerging issues.
- The Department will convene parties to define issues and identify areas where guidance is needed.

GOAL 5: Integrate and maximize the benefits of information technology

Objective 5.1:

Leverage information technology to increase the efficiency of the Department's business practices and the timeliness and quality of service to the public.

Objective 5.2:

Allow for increased electronic processing of documents, payments, applications, licenses, and, ultimately, a movement away from paper filed documents.

Objective 5.3:

Provide user-friendly Internet access to secured, taxpayer records and information.

Objective 5.4:

Provide administrative applications that increase the Department's productivity, including information technology management of the Department's documentation.

Objective 5.5:

Support the Department's policy, procedures, and regulatory work by providing technology that will rapidly access internal information, current statutes, and other reference sources.

Strategies 5.1 – 5.5:

Enhance and enable the online provision of the Department's services to the public, accelerate the Department's ability to conduct most transactions with taxpayers in an electronic format, and implement information technology improvements for internal processes.

Action Plans 5.1 – 5.5:

Information technology planning and development will be accomplished through a broad-based Oversight Group, which will:

- Define an information technology strategy, devise an implementation plan, develop information technology systems, and evaluate those systems as they are installed and in use.
- Oversee all Department information technology projects.
- Consult with other agencies to coordinate functioning of new information technology systems with existing and anticipated systems and to develop effective digital asset management.

GOAL 6: External Outreach

Help taxpayers and the public understand and meet their Hawaii tax obligations by providing timely and relevant information, and keeping them apprised of new developments.

Objective 6.1: Taxpayer Services

Provide tax informational and reference services to the public in a timely, efficient, and effective manner.

Strategy 6.1:

To make information maximally accessible, particularly on Department's website, and to respond within optimum time frames to requests for taxpayer information, records, documents, and tax clearances.

Action Plan 6.1:

The Action Plan to accomplish this objective includes implementation of the PIOA plan. Among the PIOA plan's key features for public information are:

- Optimizing the Department's website's design and usability, including use for public education on taxation law, registration, and other services;
- Allowing customers to check refund and payment status via the telephone (interactive voice response system) and Internet;
- Improving ways to educate and assist the public to prepare complete and correct submissions for registration, tax returns, and other services.

The Department will continue to improve its response to in-person, telephone, and correspondence requests.

Objective 6.2: Outreach

Provide public outreach through workshops, seminars, and on-site assistance.

Strategy 6.2:

To conduct public outreach regarding tax services and the provisions of the law, as well as to inform the public on tax related issues in various forums and media.

Action Plan 6.2:

- Continue public outreach to ensure that the Department's principal services are helping the public and all taxpayers understand and meet their Hawaii tax obligations, e.g. meetings with taxpayers on tax issues, inform the public on tax related issues, e.g. use of senior policy staff as participants in the public forums through speaking and writing on issues.
- Provide on-site assistance with particular emphasis on the poor, elderly, disadvantaged and remote areas such as Molokai.

GOAL 7: **Develop an organization that encourages its workforce to perform at an optimal level and realize its potential, and to be adaptable to the changing global environment.**

Objective 7.1: **Workforce Development**

Recruit, train, develop, and retain employees and provide the necessary support to optimize their performance and job satisfaction. As technology and the global environment changes, provide opportunities for its employees and managers to grow and upgrade their skill levels to enable them to succeed and realize their potential in a changing global environment, and obtain optimal job satisfaction.

Strategy 7.1:

To manage a Department workforce that fulfills the Department's mission requirements by providing training and development opportunities for staff, and to promote a culture and environment where its workforce continuously seeks to improve and realize its potential.

Action Plan 7.1:

- Training, education and upgrading of skill levels as much as possible;
- Leadership and management training for managers and supervisors;
- On-line, videoconference and classroom courses in needed areas.
- Encourage activities that foster positive employee morale such as the Tax Department's Ohana Night and the Director's Open House during the Holidays.
- Succession planning to perform timely recruitment and retention of institutional knowledge.