

DEPARTMENT OF TAXATION

<http://www.state.hi.us/tax/>

The Department of Taxation, established under section 26-10, Hawaii Revised Statutes, and whose duties and powers are enumerated under section 231-3, Hawaii Revised Statutes, is headed by the Director of Taxation. The Department is responsible for the administration and enforcement of the tax laws of the State. This includes the assessment of taxes and the collection of tax revenues. It develops tax interpretations, studies the provisions of the tax laws, and recommends to the Legislature changes and revisions to those laws. The Department also collects the employment security contributions paid by employers under the Unemployment Compensation Law. Tax appeals are administered by the Tax Appeal Court and the Boards of Taxation Review in the four tax districts.

Compliance Division

The Compliance Division administers a comprehensive and uniform statewide compliance program, conducts and enforces collection of delinquent taxes by appropriate collection procedures, conducts audits, secures nonfiled returns from taxpayers, and conducts investigations to determine compliance with state tax laws.

The Division enforces department policies and procedures; renders guidelines and recommendations; provides coordination and assistance in enforcement activities; participates in resolving complex enforcement cases; recommends goals and objectives; and reviews objectives and accomplishments with operating personnel.

Its functions are carried out by the Oahu Office Audit Branch, Oahu Collections Branch, the Field Audit Branch, and the Neighbor Island Districts (Maui, Kauai, and Hawaii).

Rules Office

The Rules Office develops tax interpretations, prepares appropriate legislative proposals and written testimonies on all tax measures before the Legislature, appears before legislative hearings and offers recommendations on tax measures for the Governor's review prior to enactment, prepares written opinions to taxpayer inquiries, and acts as the primary resource on technical questions relating to the development of tax policy.

Information Technology Services Office

The Information Technology Services Office provides continuous analysis and development of computer systems to automate routine tax processing functions and makes information available for tax planning and the preparation of statistical reports. It conducts management and organization studies to achieve greater productivity from these systems and

furnishes data processing operations support for the systems. The Office advises the Director on all matters pertaining to information technology, computerization, and automation, and recommends associated policies and procedures.

Tax Research and Planning Office

The Tax Research and Planning Office conducts tax research and planning. It provides statistical information and projections on tax yields, revenue impacts of proposed and existing tax laws, and economic conditions as they relate to taxes. The Office directs the preparation of an annual report and a variety of other departmental reports. It assists the Director in developing and supporting proposed tax legislation changes and is the primary planner with the responsibility for developing long-range income and expenditure estimates, with programs to meet projected needs.

Administrative Services Office

The Administrative Services Office assists the Director of Taxation in administrative matters and provides general internal management for the Department. It coordinates and prepares the annual operating budget of the Department and maintains control over departmental accounts and expenditures. In addition, the Administrative Services Office advises and provides staff services in the areas of capital improvements and facilities management, including renovations, and attends to the personnel services programs of the Department, such as personnel classification, job evaluation, employee relations, labor relations, equal employment opportunity and affirmative action, employee training and development, personnel transactions, and the maintenance of personnel records.

Taxpayer Advocate

The Taxpayer Advocate assists taxpayers who are not able to resolve their problems through normal departmental channels.

External Training and Outreach Office

The External Training and Outreach Office is responsible for conducting or coordinating external and internal tax training, updating and distributing plain language tax information to the public via brochures or flyers, and for coordinating the Department's summer and year-end tax workshops.

Tax Services and Processing Division

The Tax Services and Processing Division performs all functions relating to the processing and control of documents; receives, secures, deposits, and accounts for tax payments; and renders taxpayer services to the public, including the issuance of general excise tax licenses. These functions are carried out through three branches: Documents Processing, Revenue Accounting, and Taxpayer Services.

ATTACHED FOR ADMINISTRATIVE PURPOSES

Boards of Review

There is a Board of Review for each of the four taxation districts, pursuant to section 26-10, Hawaii Revised Statutes. Each board consists of five members appointed by the Governor with the advice and consent of the Senate. The Governor designates a chairperson and vice chairperson for each board. Members are required to be residents of the taxation district for which the member is appointed and shall have resided in the State for at least three years at the time of appointment. No officer or employee of the State is eligible for appointment to any of the boards. Each Board of Review informally hears all disputes between the assessor and any taxpayer who has filed a notice of appeal. Each board is empowered to decide all questions of fact and all questions of law, except questions involving the Constitution or laws of the United States. A decision of a Board of Review may be appealed to the Tax Appeal Court. Alternatively, any taxpayer may take the matter directly to the Tax Appeal Court.

Council on Revenues

The Council on Revenues, established under section 37-111, Hawaii Revised Statutes, prepares state revenue estimates for each fiscal year of the six-year state program and financial plan. Its revenue estimates and any revisions thereto are reported on June 1, September 10, January 10, and March 15 to the Governor and Legislature who are required to consider such estimates in preparing the state budget, making appropriations, and enacting legislation. The Council also estimates total state personal income, a factor in computing the state general fund expenditure ceiling, for the calendar year. These estimates and any revisions thereto are reported on August 5 and November 5 to the Governor, Legislature, Director of Finance, and Chief Justice of the Hawaii Supreme Court.

Tax Review Commission

The Tax Review Commission, established under the State Constitution, Article VII, section 3, and section 232E-1, Hawaii Revised Statutes, conducts systematic reviews of the State's tax structure, using such standards as equity and efficiency. The Commission may enter into contracts with consultants and employ persons necessary to perform its duties without regard to the civil service and compensation laws. Beginning July 1, 1980, and every five years thereafter, seven persons are appointed to the Commission by the Governor with the advice and

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consent of the Senate. The Commission meets from time to time as necessary to execute its duties. It submits a report of its evaluation and recommendations to the Legislature thirty days prior to the convening of the second regular session following its appointment and dissolves at the end of that session.

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