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## SENATE COMMITTEE ON WAYS AND MEANS

### BUDGET BRIEFING TESTIMONY

**TESTIFIER:** KURT KAWAFUCHI, DIRECTOR OF TAXATION (AND EXECUTIVE STAFF)  
**DATE:** JANUARY 7, 2009  
**TIME:** 1:30 PM  
**ROOM:** 211

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### NARRATIVE

The Department of Taxation (DOTAX) recognizes and embraces the potential key role it can play in helping the current economic and fiscal conditions affecting the State of Hawaii: (a) maintaining and possibly even enhancing the revenue stream; and (b) creating economic stimulus through tax policy and the administration of Hawaii's tax incentives. Although all state agencies are being challenged to deliver better, less costly, and more customer-focused services, DOTAX is also uniquely being challenged to bring in additional state revenues by reducing the Tax Gap. Currently, the Hawaii "Tax Gap," which is the difference between the amount of tax *required to be reported and paid* and the amount of tax that is *actually reported and timely paid*, is estimated to be over \$1 billion per year.

In fiscal year 2008, total tax revenue collection amounted to \$5.48 billion, representing a 3.0% increase over fiscal year 2007. The average business days to deposit checks from taxpayers decreased to 16 business days in fiscal year 2008 (from 75 business days in fiscal year 2006 and 17 business days in fiscal year 2007). The overall call answer rate of 63% in fiscal year 2007 improved to 81% in fiscal year 2008.

Between fiscal years 2003 to 2008, DOTAX has collected \$380 million in additional delinquent taxes (including "tax gap" such as under- and unreported income and taxes) above and beyond the \$113 million prior historic record collected in fiscal year 2002<sup>1</sup>. The Department is committed to continuing its best efforts toward maximizing delinquent taxes collections. However, it

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<sup>1</sup> The first six months of fiscal year 2003 was under the Governor Cayetano's Administration.

will become increasingly difficult to maintain the current rate of collections. Challenges faced by certain industries, such as Sub-Prime lenders, automobiles, and retailers, will likely result in revenue declines. As a result, voluntary compliance could suffer and collecting delinquent taxes will become increasingly challenging, as taxpayers have fewer available resources to cover their tax obligations.

DOTAX believes that it is possible to turn this challenge around in the favor of the State. As tax revenue sources decline as the economy declines, DOTAX will not only have to reduce costs and increase its efficiencies, but also “think outside the box” for innovative ways to reduce the Tax Gap. Personnel costs represent a high percentage of DOTAX’s service expenditures, so along with the proposed Administrative budget reductions from our budget base, we believe that we must prioritize our remaining, limited funds, and use it strategically to our advantage by:

- Finding new, less expensive ways to deliver frontline services to taxpayers;
- Looking at how we can create more effective back office and administrative functions for less cost;
- Looking to where others can provide services at a lower cost; and
- Embracing flexible and adaptive technologies.

DOTAX's biennium budget is predicated on our continuing efforts to reduce cost, investing in our most important resources, our professionals, management and staff as well as new technologies, and changing the way in which frontline and back office services are delivered.

During this Administration, DOTAX has openly embraced new technologies to fundamentally change the way in which services are delivered, e.g., automatic deposits of refunds in taxpayer's bank accounts, the availability of online or telephone refund status, et al. This has seen the channels of delivery moving away from traditional face-to-face contact to a centralized, statewide, call center and Internet model with the goal of integrating the complexity of tax and revenue management into one integrated system. Technology has allowed DOTAX to create flexibility in how and where services are delivered while offering new ways to take out cost.

Now more than ever, DOTAX is faced with the dilemma of reducing the Tax Gap *while* improving efficiency, *and at the same time*, going through a new strategic positioning *while the budget decreases significantly*. The following four major business challenges continue to face DOTAX:

- **Compliance** – How to reduce the Tax Gap by:
  - Making it as easy as possible to comply; and
  - Addressing effectively and efficiently the Tax Gap.
- **Stimulating Hawaii's economy**
  - Encouraging and enhancing economic activity and investment in clean innovative industries particularly where Hawaii has global advantages through tax policy and administration of Hawaii's tax incentives, e.g., the film and television, innovation and research, and green energy initiatives. In 2007, the Hawaii film and television industry had a record year of \$200 million prior to the writer's strike and included movies of Indiana Jones sequel, Tropic Thunder, Forgetting Sarah Marshall, and the TV series "Lost."

- **Cost Efficiency** – How to deliver the same level of service for less money, delivering genuine efficiency gains, and not simply cost reductions.
- **Customer-focus** – How to harness new technologies to:
  - Deliver services to taxpayers, when they want them, and how they want them; and
  - Make it easier for the taxpayer and businesses to comply with their tax obligations.

The above four challenges are underpinned by the transformational challenge of “change,” resulting from today’s economic and fiscal conditions. These challenges are further impacted by the fast-paced, ever changing technological advances that continuously occur.

DOTAX believes that it has the skills, capabilities, and—although strained—reasonable capacity to step up to the transformational challenge before us. The Department has always embraced its role of collecting state revenues for the State of Hawaii and we clearly recognize that taxation provides the bulk of the revenue to enable the State of Hawaii’s government to function.

DOTAX has the responsibility to reduce the tax gap between what ought to be paid and what is collected as taxes, and is striving to do so via various means, including proposed legislative change to accomplish these goals.

### **MISSION STATEMENT**

*"To administer the tax laws of the State of Hawaii in a consistent, uniform and fair manner by educating taxpayers on tax laws, by developing a professional staff and by using technology to increase efficiency and effectiveness."*

### **OTHER SOURCES OF REVENUE**

Revenue generating possibilities include:

- **Cash Economy**—Close tax gap by targeting the cash economy. Provide the DOTAX with additional resources and injunction authority. Allow DOTAX to adopt penalty/fines by rule. Allow DOTAX to retain % of revenues collected to fund this unit, media, supplies, and information services.
- **Penalty Conformity**—Conform Hawaii penalty to the Internal Revenue Code. Provide the following penalties: erroneous refund claim, substantial understatement, preparer penalties. Extend the statute of limitations for assessment of fraudulent returns to 6 years.
- **Reevaluate Audit Scopes**—The Compliance Division has begun to reevaluate the limited scope audit function to determine whether reduction of that scope even further can lead to additional revenue with reduced impact on current resources.

- **Increase Information Matching Projects**—The Compliance Division continues to run matching projects against federal information to ensure optimal tax compliance. Matching projects are run using federal Schedules C, E, and F and Forms 1099 and 1120 filings.

### **OPERATIONAL BUDGET**

- **TAX 100—COMPLIANCE DIVISION**
- **TAX 105—TAX SERVICES AND PROCESSING**
- **TAX 107—SUPPORTING SERVICES**

## **TAX 100—COMPLIANCE DIVISION**

### **PROGRAM ID and Title: TAX 100 – Compliance Division**

#### **I. INTRODUCTION**

##### **A. TITLE OF PROGRAM ID**

Compliance Division, TAX 100

##### **B. SUMMARY OF PROGRAM OBJECTIVES**

The Compliance Division (TAX 100) oversees three branches and one section on Oahu as well as the three Taxation District Offices: Oahu: (1) Field Audit (“FA”) Branch; (2) Office Audit (“OA”) Branch; (3) Collections (“CO”) Branch; (4) Criminal Investigation (“CI”) Unit; and Neighbor Islands: (1) Maui, (2) Kauai, and (3) Hawaii District Offices which are made up of FA, OA, CO, and Taxpayer Services (“TPS”) Sections.

The Audit (Office and Field), collections, taxpayer services, and criminal are the vital functions of the Compliance Division. The program objectives of the Compliance Division are as follows:

1. Field Audit: To do external detailed audits of taxpayers’ books and records to determine the accuracy of their filing and report of income and deductions for all taxes that are appropriate.
2. Office Audit: To do at desk examination of the taxpayers’ books and records and to determine the accuracy of their filing and reporting of income and deductions for all taxes that are appropriate.
3. Taxpayer Services: To provide efficient customer assistance and information to all taxpayers who seek tax matter assistance through all delivery channels for all taxes administered by the department.
4. Collections: To work with taxpayers to settle their accounts receivable in an effective and efficient manner, using all the collection tools available to the collector.
5. Criminal Investigation: To investigate and prosecute taxpayers who have not filed or have grossly underreported their income.

#### **II. PROGRAM PERFORMANCE RESULTS**

##### **A. PROGRAM PERFORMANCE RESULTS (TABLE 6)**

#	<u>Measures of Effectiveness</u>	<u>Direction of</u>				
		<u>Success</u> <u>(increase/d</u> <u>ecrease)</u>	<u>FY07</u> <u>Result</u>	<u>FY08</u> <u>Result</u>	<u>FY09</u> <u>Plan</u>	<u>FY10</u> <u>Plan</u>
5	% of returns audited as % of returns filed	increase	0.1	2	0.4	0.25
6	% of returns audited resulting in adjustments	increase	90	93.1	85	80
7	% incr/decr in total delinquent taxes outstanding	decrease	8	9	10	13

Within FY07 and FY08, TAX 100 has sustained its measurable improvement in performance over previous fiscal years. Most notable examples of performance being sustained over previously planned targets include total number of returns as percentage of returns files, and percentage of returns audited resulting in adjustments. In addition, the reduced growth of accounts receivable was due to the increased efforts of our collection staff.

The performance measures contained within Table 6 are primarily based upon “outcome” measures. All measures are tied to monthly reports and reviewed by the Division Manager and Branch Chiefs as well as Section Supervisors.

Both the taxpayer services and criminal sections have indirect impacts to the total mission and operation of the Department and do not have any tangible measurements.

**B. DISCUSS HOW THE PROGRAM ID'S MEASURES OF EFFECTIVENESS RELATE TO THE DEPARTMENT'S MISSION AND PROGRAM OBJECTIVES**

In order for the Department to accomplish its mission statement – *"to administer the tax laws of the State of Hawaii in a consistent, uniform and fair manner by educating taxpayers on tax laws, by developing professional staff and by using technology to increase efficiency and effectiveness"* – TAX 100 is the compliance arm of the Department’s mission; however, we make every effort to fulfill each part of our mission statement.

TAX 100 has pursued the utilization of technological advances to do “more with less” over the past five years to accomplish our Department’s mission. Field Audit began limited scope audits that reduced audit time to one and half years and pursued collection of the debt at the close of the audit. Office Audit began to incorporate federal data and match Schedules C, E and F, against our state data base. They have exceeded their goals by \$54 million in the past two years and collected \$32 million at the close of the audit.

Collections Branch has aggressively increased the number of liens and levies filed. They have acquired additional technology, such as Accurant and the internet as a means of working with and tracing individuals that have outstanding accounts receivables with the state. Collections Branch has exceeded its collections objectives by at least \$30 million each year.

Voluntary compliance is improved by the effort made by all of the compliance areas through

the education of taxpayers during the audits, investigations, collection, and taxpayer service efforts. Compliance also participates with other areas within the Department in outreach programs, workshops, meetings, and assists in private letter rulings, and makes suggestions for Tax Information Releases and Announcements in an effort to help educate the taxpayers.

Compliance strives to maximize the ratio of taxpayers who complete and file their tax returns in full compliance with the law, and pay the full amount of tax on time.

By developing staff within TAX 100, it helps to ensure that audits, collections, and any questions raised are answered consistently and at the first point of contact.

**C. PROGRAM OBJECTIVES, MEASURES OF EFFECTIVENESS, AND ITS AFFECT UPON PROGRAM ACTIVITIES FOR TAX 100**

1. **Measure:** Percentage of returns audited as percentage of returns filed
  - i. **Explanation:** Indicates our goal to audit one percent of the total returns filed.
  - ii. **Category:** Cycle time; annual measure.
2. **Measure:** Percentage of returns audited resulting in adjustments
  - i. **Explanation:** Provides the total of number of cases closed with a liability versus cases closed without an adjustment. Provides a guide for the return classifying officer as to the types of cases selected for audit.
  - ii. **Category:** Staff productivity; annual measure.
3. **Measure:** Percentage of increase/decrease in total delinquent taxes outstanding
  - i. **Explanation:** This measure reflects the percentage change within the year of the accounts receivables balance.
  - ii. **Category:** Staff productivity; annual measure.

**D. DETAILED PROGRAM ACTIVITIES**

**Audits**

1. Notification of taxpayers of an audit issue
2. Performing either a desk audit or a field visit audit on all taxes administered by the Department
3. Conference meeting with taxpayers to educate them on the issues being audited
4. Issuance of deficiency (notice of assessment), if applicable

**Collections**

1. Work with taxpayers to collect their accounts receivable
2. Payment plan, liens, levies to protect state interest
3. Post payments received to the taxpayers accounts, work with taxpayers on payment plans, work with taxpayers to resolve bounced checks, deal with offers-in-compromises (where this is a doubt as to liability or doubt as to collectability)

**Criminal**

1. Receive information internally or externally on taxpayers that have refused to report or file returns
2. Investigate the claims via third party as well as meetings with taxpayer
3. Work with the Attorney General's office to prosecute the taxpayer
4. Assign cases for civil assessments once the criminal case has closed

**E. MODIFICATIONS TO PROGRAM'S PERFORMANCE MEASURES**

The performance measures plans for FY10 and thereafter have been adjusted to reflect planned reductions in authorized staffing and expenditures. In order to minimize staffing reductions and maximize efficiencies, the following cost savings initiatives are have been and are being undertaken.

TAX 100 will strive to provide the same level of compliance efforts to the state despite our 15% budget reduction. At the beginning of FY09, TAX 100 proactively reduced overtime except for cases that need overtime work due to tax appeals before the tax appeal court.

Reviewed time it takes to audit returns turns and re-evaluated the limited scope audit to improve the time spent on audits – this is an ongoing review that is done monthly.

Evaluate the cases we work looking for “low hanging fruit” – this was done by enhancing the data we receive from the Internal Revenue Service and automating our matches; such as Schedule C, E and F, 1099, 1120's.

A proactive Compliance initiative that is in development and has been practically implemented is the ability to identify non-filers and bring these people back into proper reporting. A future goal of this project is to be able to notify taxpayers within three months of their missing a filing period. This program is to help improve the current the Department's compliance efforts and to help the taxpayers should they forget to file.

A second proactive initiative that will be implemented in 2009 is an automated phone payment plan. This will allow taxpayers who are in good standing with the Department and who have a liability of \$5,000 or less the ability to use the phone to create a payment plan with the department. This will allow our collectors to focus on more difficult cases.



A third proactive initiative was to assign one senior collector to evaluate large delinquent balances and to determine other alternatives to bring in the delinquent balance. This individual is also assigned to evaluate 100 large corporations that may be contemplating bankruptcy to be sure they are current with their tax liability.

A fourth initiative will be to look into outsourcing excess accounts receivables that our collectors are struggling to maintain timely collection action on.

The above efforts allowed compliance to maintain a performance effort by exceeding our goals in audit by \$50 million and exceed cash collections by \$30 million in prior years while trying to fill vacant positions.

Prior to the 15 % biennium budget reduction, the impact was expected to be manageable as TAX 100 Compliance, though it's efforts, was able to manage even though struggling to fill vacancies. The 15% biennium budget reduction will force Compliance to reduce its efforts with Act 221/215 audits, since the \$275,000 out of the \$300,000 funding for subject matter experts was eliminated in the FY10 budget.

**TAX 105—TAX SERVICES AND PROCESSING**

**PROGRAM ID and Title: TAX 105 – Tax Services and Processing**

**I. INTRODUCTION**

**A. TITLE OF PROGRAM ID**

Tax Services and Processing, TAX 105

**B. SUMMARY OF PROGRAM OBJECTIVES**

The Tax Services and Processing Division (TAX 105) oversees three branches: (1) Taxpayer Services (“TPS”); (2) Documents Processing (“DPB”); and (3) Revenue Accounting (“RA”). Taxpayer Services (“TPS”) and Documents Processing (“DPB”) are two vital intake areas for the Department of Taxation (“The Department”). The Tax Services and Processing program’s objectives are as follow:

1. Documents Processing: To process all tax documents received (*paper and electronic*) in the most efficient and expeditious manner possible to (a) maximize State tax revenues and (b) to minimize interest payments on late issued refunds.
2. Revenue Accounting: To maintain accurate accounting records for all tax programs.
3. Taxpayer Services:
  - i. To provide efficient customer assistance and information to all taxpayers who seek tax matter assistance through all delivery channels for all taxes administered by the department.
  - ii. To perform expedient computer-based error correction activities to allow for the processing, posting or updating of tax returns, payments, and other documents.
  - iii. To process, issue and update all license and permits issued by the Department in a timely and efficient manner.

**II. PROGRAM PERFORMANCE RESULTS**

**A. PROGRAM PERFORMANCE RESULTS (TABLE 6)**

#	Measures of Effectiveness	Direction of	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
		Success (increase/ decrease)				
1	Ave business days to deposit checks from taxpayers	decrease	17	16	55	29
2	% refunds completed in 45 business days	increase	61	84	83	30
3	Average call answer rate	increase	63	81	61	55
4	Ave cal days to respond to paper/elec correspondence	decrease	15	16	18	25
8	% inc/dec electronic filings over prior fiscal yr	increase	21	20	9	20

Within FY07 and FY08, TAX 105 has sustained its measurable improvement in performance over previous fiscal years. Most notable examples of performance being sustained over previously planned targets include: significantly decreasing the time it takes to deposit tax remittances into the State's coffers and improved customer service through multiple delivery channels.

**B. DISCUSS HOW THE PROGRAM ID'S MEASURES OF EFFECTIVENESS RELATE TO THE DEPARTMENT'S MISSION AND PROGRAM OBJECTIVES**

In order for the Department to accomplish its mission statement, TAX 105 takes great pride in being a part of each facet of our mission statement. TAX 105 has aggressively pursued the utilization of technological advances to do "more with less" over the past five years to accomplish our Department's mission. Our implementation of a national award winning data capture and imaging system (aka ITIMS Imaging System), 1D and 2D barcode capabilities, enhanced electronic processing capabilities, an Interactive Voice Response (IVR) system, a new telephony system, etc., have all contributed greatly towards our ability to improve our Measures of Effectiveness and more importantly, sustain and/or further improve upon our performance measures.

Technology and additional human resources have provided the ability to integrate multiple taxpayer access points to help speed up, simplify, and reduce barriers to taxpayer interaction by integrating communication channels and providing "one-stop" registration and account maintenance capabilities. Some examples include contact via the State's taxpayer portal, telephone, email, face-to-face, and fax.

TAX 105 supports many tax, revenue, and receivable types across the tax and revenue lifecycle, such as taxes, permits, licenses, etc. A recent example was TAX 105's contribution to the ongoing Delinquent Tax Project, whereby thousands of General Excise Tax Non-filers after receiving automated letters contacted our customer call center with questions and concerns. Over \$24 million was collected before an assessment notice needed to be generated. The TPS's centralized call center supports a single, statewide, integrated solution that flexibly adapts to changing tax rules and laws (e.g., County Surcharge) and tax initiatives (e.g., Delinquent Tax Project).

The DPB timely and accurate processing of tax returns and payments, both electronically and via paper, provides our integrated system with a single view of the taxpayer's total obligation, regardless of the communication channel or tax type. This helps to capture additional revenues and improve voluntary compliance.

Multi-channel filing and e-Filing lower costs per dollar collected and reduces processing costs via online filing and taxpayer self-service access capabilities, along with linked image retrieval so customer representatives can quickly access documents. Select e-Filing and online payments provide real time calculations and validation of return data; while the self-service portal allows 24/7 select filing and payment capabilities and lowers administrative and paper processing costs.

By providing the taxpayer with a single point of contact through our "one-stop" service philosophy, the Department fosters improved constituent-oriented services. TAX 105 posts payments and returns to taxpayer accounts as quickly as possible, and generates refunds in a timely manner. By developing our professional staff within TAX 105, it helps to ensure that inquires are answered consistently and on the first contact. Participation in outbound educational campaigns allows proactive education of taxpayers to improve voluntary compliance.

Although compiled reports are generated from our integrated system, our Revenue Accounting functionality is still very much of a manual nature in terms of its reconciliation to the general ledger. As much as we would like to lower the time it takes for financial reconciliation and closing, this quest will need to be placed on the back burner until the economy can support such integration. Meanwhile, RA continues to consistently meet its statutory deadline of issuing a Statement of Tax Operations certified report within ten (10) working days.

### **C. PROGRAM OBJECTIVES, MEASURES OF EFFECTIVENESS, AND ITS AFFECT UPON PROGRAM ACTIVITIES FOR TAX 105**

The Tax Services and Processing program's (TAX 105) objectives and its corresponding Measures of Effectiveness are collectively detailed below to clearly illustrate its linkage to each other and overall to our operations:

**Document Processing.** Process all tax documents received (paper and electronic) in the most efficient and expeditious manner possible to (a) maximize State tax revenues and to (b) minimize interest payments on late issued refunds.

1. **Measure:** Average business days to deposit checks from taxpayers.
  - i. **Explanation:** Measures the average days to deposit checks into the State's coffers.
  - ii. **Category:** Cycle time; annual measure.

2. **Measure:** Percent (%) of refunds completed in 45 business days.
  - i. **Explanation:** Provides a management benchmark as to the distribution of refunds.
  - ii. **Category:** Cycle time; annual measure
3. **Measure:** Percent (%) increase/decrease electronic filings over prior fiscal year
  - i. **Explanation:** Indicates how well procedures and systems are supporting the growth of electronic processing. The Department's ability to make more forms and payment vehicles available electronically, process these electronically filed returns upon receipt, along with the ease of use, are all key factors in the success of this measure.
  - ii. **Category:** Process efficiency; annual measure

**Customer Service.** To provide efficient customer assistance and information to all taxpayers who seek assistance through all delivery channels on tax matters for all taxes administered by the department.

1. **Measure:** Average call answer rate.
  - i. **Explanation:** Indicates how well the telephone call center and its allocated staff are able to respond to incoming telephone inquiries based upon procedures and systems supporting the system.
  - ii. **Category:** Process efficiency; annual measure.
2. **Measure:** Average number of calendar days to respond to paper and electronic correspondence
  - i. **Explanation:** Indicates how long it takes to respond to taxpayers' inquiries.
  - ii. **Category:** Cycle time; annual measure.

**D. DETAILED PROGRAM ACTIVITIES (TAX 105)**

1. Receiving and preparing documents for cashiering to maximize State revenues and to provide the Department with updated information on a timely basis;
  - a. Opening, sorting and distributing of incoming mail and the preparing and delivering of outgoing mail; and

- b. Batching of documents by tax types and editing of the documents.
  2. Processing documents to maximize State revenues, return monies owed to taxpayers as soon as possible, and to provide the Department with updated information on a timely basis:
    - a. Cashiering and depositing of all tax moneys received;
    - b. Posting of key, high volume, returns via a data capturing/imaging system (IIS) that is integrated with the Department's ITIMS system. For those returns that have not been migrated over to the IIS system, keying of data into a machine processing medium upon cashiering and/or batching; and
    - c. Once imaged returns and payments have been verified as being duly posted and after a set waiting period, proper destruction of the paper returns occur. Non-integrated miscellaneous returns are still retained in a central filing system to provide timely delivery to requestors of these documents. Otherwise, all IIS returns/payments once posted can be instantly retrieved throughout the Department upon demand.
  3. Maintaining accounting records for tax programs – This function includes the posting of tax revenues collected, adjusted, and refunded in appropriate accounting journals and ledgers.
  4. Preparing Statements and Reports of Tax Operations – This function includes the gathering, compiling, analyzing, and preparing of tax operations statements and reports within ten working days after the close of the month.
  5. Processing, issuing and updating all tax and tobacco tax licenses and permits, processing tax clearances, and providing tax forms and tax information to promote voluntary compliance with the tax laws of Hawaii:
    - a. Assisting taxpayers applying for tax and tobacco licenses and permits, updating licensing information, and processing license cancellations;
    - b. Processing tax clearance applications (submitted by mail, fax, via the Internet or in person);
    - c. Making available tax forms and instructions through various channels for taxpayer and public convenience, and receiving and processing requests for mailing all tax forms.
  6. Assisting taxpayers in preparation of tax returns as part of taxpayer education and also to reduce filing and reporting errors – this function includes preparing returns

for or assisting taxpayers on-site in filing their General Excise/Withholding/  
Transient Accommodations/Rental Motor Vehicle and Tour Vehicle Surcharge  
tax returns.

7. Providing information pertaining to tax laws and tax administration – this function includes the answering of telephone queries; servicing of walk-in inquiries, and responding to tax correspondence received via mail, fax, or e-mail.
8. Performing on-line computer-based error corrections on tax returns, payments, and other documents that "worklisted" or removed from the processing cycle due to critical errors by verifying information on hard copy of tax document filed, creating line adjustments when applicable, updating data, etc. to allow these documents to properly process and post to computer system.
9. Providing assistance to taxpayers regarding automatic billing notices received on delinquencies by analyzing account information, validating debts or posting adjustments when applicable, and resolving discrepancies

#### **E. MODIFICATIONS TO PROGRAM'S PERFORMANCE MEASURES**

The performance measures plans for FY10 and thereafter have been adjusted to reflect planned reductions in authorized staffing and expenditures. In order to minimize staffing reductions and maximize efficiencies, the following cost savings initiatives have been and are being undertaken.

TAX 105 will strive to provide the same level of service to our taxpayers despite our 18% budget reduction. At the beginning of FY09, TAX 105 proactively eliminated Olsten Staffing services from its "B" budget in order to offset the filling of most of its permanent and limited term appointment positions. Historically, this thirty-year old plus outsourced service, provided tax season support especially during the night and weekend shifts. Approximately \$400,000 was augmented from our "B" to "A" budget to support a near-fully recruited permanent and limited term appointment roster to provide faster, consistent processing and taxpayer services to the public.

The ITIMS Imaging System (IIS) eliminated the need to microfilm tax returns with digital images being retained at the first point of processing. Over the years this recurring expense has decreased to the point that in fiscal year 2008, it was completely eliminated with the last of the historical archive paper records being backscanned into the computer system or microfilmed. The prior-year cost-savings realized through this efficiency move was utilized to enhance the IIS so that now over 80% of the total volume of forms is going through the IIS data capture/imaging system. No longer does a need exist to outsource microfilm services.

In FY09, TSP also eliminated the 24/7 Forms-by-Fax service that was previously outsourced. With technological advances such as they are today, the need to fax a tax form to taxpayers became obsolete. Instead, our in-house representatives handle all incoming inquiries and mail the taxpayer

their requested forms if they are unable to retrieve these forms via the Department's website.

By integrating the cashiering system into the existing ITIMS application and by utilizing the IIS system to image checks, check processing efficiencies became a reality to the point that by FY08 the Department was able to decommission its Remittance Processing System (RPS). Historically, the RPS system had a high, recurring maintenance fee associated with this hardware via an outsourced 3<sup>rd</sup> party vendor.

The above cost saving measures represents a conscience and strategically planned effort within TAX 105 to become more efficient by utilizing the technological advances at our fingertips. By combining the above actions with other internal cost saving measures, TAX 105 is able to save \$486,759 in "B" budget recurring expenditures. Of the \$486,759 saved, \$115,716 in Olsten savings will be used to absorb TAX 105's portion of the SLH 2008 Legislative 4% reduction, leaving a net cost savings of \$371,043. Prior to the 18% biennium budget reduction, the impact was expected to be manageable as TAX 105 was nearly fully staffed and the augmented, outsourced services would be absorbed by the permanent and limited term appointment staff within TAX 105. The rebalancing that had occurred internally was prior to the imposed budget reductions.



**TAX 107—SUPPORTING SERVICES – REVENUE COLLECTION**

**Program ID and Title: TAX 107 - Supporting Services – Revenue Collection**

**I. INTRODUCTION**

**A. TITLE OF PROGRAM ID**

Supporting Services – Revenue Collection, TAX 107

**B. SUMMARY OF PROGRAM OBJECTIVES**

The objective of the Supporting Services - Revenue Collection program is to enhance the Department's effectiveness and efficiency in implementing tax programs by formulating policies; allocating resources and providing direction to operations; and improving the State's policy and decision-making process by providing timely and accurate tax data and interpretive information.

**II. PROGRAM PERFORMANCE RESULTS**

**A. PROGRAM PERFORMANCE RESULTS (TABLE 6)**

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
1	Ave business days to deposit checks from taxpayers	decrease	17	16	55	29
2	% refunds completed in 45 business days	increase	61	84	83	30
3	Average call answer rate	increase	63	81	61	55
4	Ave cal days to respond to paper/elec correspondence	decrease	15	16	18	25
5	% of returns audited as % of returns filed	increase	0.1	2	0.4	0.25
6	% of returns audited resulting in adjustments	increase	90	93.1	85	80
7	% incr/decr in total delinquent taxes outstanding	decrease	8	9	10	13
8	% inc/dec electronic filings over prior fiscal yr	increase	21	20	9	20
9	Percent error in forecasting general fund revenues	decrease	2.5	2.1	3	3

**B. DISCUSS HOW THE PROGRAM ID'S MEASURES OF EFFECTIVENESS RELATE TO THE DEPARTMENT'S MISSION AND PROGRAM OBJECTIVES**

The program provides administrative leadership, technical support services, and staff development to enhance the Department's effectiveness and efficiency in administering an equitable system of tax assessment and revenue collection and is therefore accountable for performance measures for all Department of Taxation Program IDs (TAX 100 - Compliance, TAX 105 – Tax

Services and Processing, and TAX 107 - Supporting Services – Revenue Collection). Performance measures for TAX 100 and TAX 105 are discussed in detail in the respective program's operational budget narrative.

TAX 107's performance measure #9 – Percent error in forecasting general fund revenues

This performance measure relates to the Department's mission in that the general fund forecast provides a benchmark against which voluntary compliance may be evaluated.

This performance measure directly supports the program's objective of improving the State's policy and decision-making process by providing timely and accurate tax data and interpretive information. The general fund forecast is a key component of the state's budget and a basis for which funding and resource allocation decisions are made.

### **C. DETAILED PROGRAM ACTIVITIES**

Supporting Services -- Revenue Collection includes the Director's Office, Administrative Services Office, Rules Office, Information Technology Services Office, External Training and Outreach, Systems Administration, and Tax Research and Planning. These offices formulate policies; allocate resources and providing direction to operations in order to optimize the Department's performance measures. Detailed program activities performed by TAX 107 include:

#### **Director's Office**

The Director's Office primary activities are:

- Planning, directing and coordinating the various activities of the department within the scope of laws and established policies and regulations.
- Recommending administrative rules, regulations and procedures governing the conduct of Department activities.
- Recommending Departmental policies and organization for approval of the Governor and after approval, directing their implementation.
- Exercising leadership, guidance and control of the efforts of employees toward the achievement of Department objectives.
- Directing and maintaining program planning, evaluation activities and managing improved services.
- Representing the Department before Legislature and community and public groups.

- Providing support for the Department's administratively attached agencies – the Council on Revenues, Tax Review Commission and the Board of Review.

### **Administrative Services Office**

The Administrative Services Office's primary activities are:

#### **Fiscal staff:**

- Initiating and preparing annual operating budgets in cooperation with operating units and summarizing them with appropriate recommendations for presentation to the Director. Installing and maintaining budgetary controls.
- Performing fiscal functions including procurement and contracts, payroll and processing purchase orders, summary warrant vouchers, treasury deposit receipts and inventory records.
- Providing Staff Services in the areas of capital improvements, facilities management and renovations, risk management, printing and reproduction services, document archive and asset disposal and removal.
- Functioning as the Department's ADA Coordinator, Energy Policy Coordinator and Civil Defense Coordinator.

#### **Personnel staff:**

- Providing services in personnel management functions including classification, job evaluation, employee relations, employee training and development, labor relations, Civil Rights (EEO/AA), safety and personnel transactions.
- Advising the Director, supervisors and other employees regarding application of appropriate personnel management practices and of existing personnel laws, rules and collective bargaining agreements.
- Conducting job analyses and preparing or reviewing proposed job descriptions.
- Providing technical assistance to management in organizational matters.

### **Rules Office**

The Rules Office's primary activities are:

#### **Rules Staff:**

- Serving as the advisory arm to the Director on tax policy.

- Preparing appropriate tax legislative proposals and written testimony on all tax measures before the legislature. Appearing before the legislature at hearings.
- Developing tax interpretations including rules and regulations, technical memoranda, tax information releases, tax precedents, and basic principles for uniform application of the State tax law.
- Studying provisions of other tax laws and recommending revisions and changes to the Director of Taxation.
- Acting as the principal source on technical questions relating to the development of tax policy.
- Preparing the annual digest of all new and amendatory laws for use by employees and the public.
- Responding to inquiries from the public on complex tax issues.
- Certifying high technology business investment credit and research credits.
- Assisting audit staff on complex tax audits.

Technical Staff:

- Responding to highly complex taxpayer inquiries, analyzing taxpayer questions, researching and interpreting the law based on established policy.
- Providing assistance to internal customers who provide one-stop services to taxpayers.
- Reviewing and updating all tax return forms and related instructions. Initiating and developing new forms.
- Reviewing requests for exemption from the general excise tax and the conveyance tax.
- Writing Administrative Rules.

**Information Technology Services Office**

The Information Technology Services Office (ITSO) advises the Director on all matters pertaining to information technology; sets overall IT strategy and policies, short and long-term planning; manages, maintains, enhances and supports ITIMS and other applications and is responsible for systems security and infrastructure. The Information Technology Services Office is comprised of Applications Development Staff, Data Management Staff and Systems Networking Staff.

Applications Development Staff:

- Developing, maintaining and supporting all Department computer and application systems.
- Formulating and maintaining/updating application development plans that will serve the needs of the organization over future time horizons; assisting operating units in system acceptance testing and related activities, implementing approved systems and developing procedures and methods.
- Ensuring that the application development plans are consistent with business requirements and what is possible and practical for the size of the installation and employee skill levels.

Data Management Staff:

- Performing all operational and administrative activities related to the design, development, testing, implementation and maintenance for optimal performance of systems for the acquisitions, storage and retrieval of data.
- Establishing, maintaining and controlling the accuracy/validity of data sources, data repositories and data dictionaries.
- Developing, testing and maintaining database support tools and backup and recovery processes.
- Planning, analyzing, and designing data capacity of disk storage space requirements, specifications, and data flow and diagrams using appropriate relational and hierarchical methods.

Systems Network Staff:

- Planning, analyzing, designing, developing, implementing, operating, evaluating, maintaining, administering and/or enhancing computer networks including Local Area Network/Wide Area Network (LAN/WAN), Internet, Intranet, protocols, connectivity, and other networking infrastructure.
- Planning, analyzing, designing, developing, implementing, operating, evaluating, maintaining and/or enhancing voice/data/video communication, data entry, cashiering, and other hardware/software devices. This also includes procurement and warranty/maintenance of computer hardware, software and related services.
- Developing and administering policies that facilitate the security of data and network access, and the Department's information and network infrastructure and assets by use of standards, practices and procedures.

### External Training and Outreach Office

In light of the required budget reductions, the External Training and Outreach Office will be eliminated. While this Office provided valuable training and outreach activities to encourage voluntary compliance, the Department had difficulty filling these specialized tax positions and many of the positions in the office were vacant for extended periods of time.

The External Training and Outreach Office's primary activities are:

- Overseeing and coordinating public affairs/media program activities. Speaking on behalf of the Department on public interest issues and reactions. Responding to media inquiries and providing information as directed by the Administration through the use of various media available.
- Developing and conducting educational and training programs (e.g., workshops, practitioner forums for the general public, practitioners, and other special interest groups, providing qualified speakers and instructional materials). Developing informational publications for taxpayers to ensure that tax laws are interpreted with consistency and equity for taxpayers.
- Planning, organizing, directing and coordinating technical training and development programs for the Department's line operations. Conducting and coordinating intensive and substantive auditing, examination, collection and taxpayer services training for the operating programs throughout the Department.
- Coordinating with all Staff Offices in training programs relevant to maintaining the highest level of technical proficiency; assisting with generalized training by assisting with technical training techniques, training aids and presentations.

Due to budget reduction and proposed elimination of the External Training and Outreach Office, most of the activities detailed above will be absorbed by the Rules Office.

### Systems Administration Office

The Systems Administration Office's primary activities are:

- Serving in a liaison capacity for all levels of the organization, from executive management to the system user committee to:
  - Coordinate and facilitate ITIMS related decisions made across operating divisions, facilitate cross-process operational issues related to ITIMS technology and support, and facilitate prioritization of change requests and systems enhancements.
  - Oversee implementation of systems administration changes across operational divisions.

- Oversee and coordinate implementation of the tax law changes process.
- Providing input for the development of policy for ITIMS system and for business changes to the processing areas' operations.
- Providing training on the ITIMS system to new user staff.
- Developing and revising system related procedures and maintaining procedures and training materials for ITIMS.

#### Tax Research and Planning Office

The Tax Research and Planning Office's primary activities are:

- Assisting the Director in developing proposed changes in tax legislation, and amendment to existing tax laws; gathering and analyzing tax data and preparing reports for use by the legislature as requested. Developing data needed to support requests for legislative change.
- Developing, assembling, reviewing and interpreting tax collection data required in revenue estimating. Working in conjunction with private and other public officials in studies which will result in a more effective and refined revenue estimating technique.
- Developing pertinent and timely tax data to assist in the annual review of the State tax structure.
- Updating forecasts quarterly for general fund taxes and twice annually for total personal income.
- Conducting research projects from tax data for use in analyzing and interpreting business and economic trends in the State.
- Providing administrative and technical support to the Council on Revenues, which evaluates and makes official general fund tax estimates for a seven-year period and total state personal income estimate for the current and subsequent calendar years.
- Providing data, analyses, and administrative and technical assistance to the Tax Review Commission to help the Commission achieve its legislative mandate, which is to provide a comprehensive study of the State's tax structure. The Commission is reconstituted every five years and conducts a two-year review.

#### **D. MODIFICATIONS TO PROGRAM'S PERFORMANCE MEASURES**

The performance measures plans for FY10 and thereafter have been adjusted to reflect planned reductions in authorized staffing and expenditures. In order to minimize staffing reductions and maximize efficiencies, the following cost savings initiatives are have been and are being undertaken.

In order to meet the SLH 2008 4% Legislative reduction, the Department initiated the booklet suppression project in late FY 2007. The Department mailed postcards to all taxpayers notifying them we will no longer automatically mail tax booklets. Taxpayers were encouraged to file electronically and were provided the option of downloading tax forms from the internet, ordering forms online or ordering forms via the telephone.

In order to mitigate the broad public impact of this initiative, the Department is rolling out auto calculating G-45 forms for taxpayers who file electronically and for taxpayers who use fillable G-45 forms available through the Department's website. Practitioner feedback on the pilot roll out has been positive. In addition to providing the needed cost savings, this initiative is environmentally friendly.

TAX 107 reviewed all operating expenditures to determine where cutbacks could be made. Reductions were made to subscriptions, photocopy leases, production support and travel. We will continue to scrutinize expenditures and seek efficiencies in our operations.

#### **ATTACHMENTS**

Please see the following attachments:

- WORKSHEET 1: Organizational Charts
- TABLE 1: Department Functions
- TABLE 2: Program ID Listing of major Activities
- TABLE 3: Biennium Budget Reductions
- TABLE 4: Biennium Budget Additions
- TABLE 5: Restrictions
- ATTACHMENT 1: Department-wide Summary Information
- ATTACHMENT 2: FY 09 Proposed Emergency Requests
- ATTACHMENT 3: Program ID Tools
- ATTACHMENT 4: Budget Decisions
- ATTACHMENT 5: Vacancy Report
- ATTACHMENT 6: Expenditures Exceeding Federal Fund Ceiling
- ATTACHMENT 7: Transfers
- ATTACHMENT 8: CIP Summary



Worksheet  
Funding levels for divisions/branches

<u>Division or Branch Name</u>	<u>FY09 Pos</u>	<u>FY09 \$\$\$</u>	<u>FY10 Pos</u>	<u>FY10 \$\$\$</u>	<u>MOF</u>
Supporting Services - Revenue Collections	73.00	7,939,582	66.00	6,791,905	A
Supporting Services - Revenue Collections	1.00	869,000	-	452,000	B
	<b>74.00</b>	<b>8,808,582</b>	<b>66.00</b>	<b>7,243,905</b>	
<b>Tax Services and Processing Division</b>					<b>A</b>
Revenue Accounting Branch	7.00	340,145	7.00	340,145	A
Document Processing Branch	89.00	5,573,585	89.00	4,240,485	A
Taxpayer Services Branch	42.00	1,879,083	42.00	1,847,871	A
	<b>138.00</b>	<b>7,792,813</b>	<b>138.00</b>	<b>6,428,501</b>	<b>A</b>
<b>Compliance Division</b>					<b>A</b>
Collections Branch	60.50	2,554,334	48.00	2,213,616	A
Office Audit Branch	30.00	1,656,469	29.00	906,365	A
Field Audit Branch	38.00	2,408,164	34.00	2,244,150	A
Hawaii District Office	27.00	1,239,396	27.00	1,229,844	A
Maui District Office	24.00	1,126,020	23.00	1,080,384	A
Kauai District Office	16.00	758,016	16.00	758,016	A
	<b>195.50</b>	<b>9,742,399</b>	<b>177.00</b>	<b>8,432,375</b>	<b>A</b>
<b>A FUNDS</b>	<b>406.50</b>	<b>25,474,794</b>	<b>381.00</b>	<b>21,652,781</b>	<b>A</b>
<b>B FUNDS</b>	<b>1.00</b>	<b>869,000</b>	<b>-</b>	<b>452,000</b>	<b>B</b>
<b>TOTAL ALL MOF</b>	<b>407.50</b>	<b>26,343,794</b>	<b>381.00</b>	<b>22,104,781</b>	

Table 1  
Priority List of Functions

Priority #	Description of Function	Performance Measures	Statutory Reference (HRS, PL, etc.)
1	Tax Services and Processing	1. Ave business days to deposit checks from taxpayers	Forthcoming
		2. % refunds completed in 45 bus days	
		3. Average call answer rate	
		4. Ave cal days to respond to paper/elec correspondence	
		8. % inc/dec electronic filings over prior fiscal year	
2	Compliance	5. % of returns audited as % of returns filed	Forthcoming
		6. % of returns audited resulting in adjustments	
		7. % incr/decr in total delinquent taxes outstanding	
3	Supporting Services - Revenue collections	9. % error in forecasting general fund revenues	Forthcoming

Table 2  
Program ID Listing of Major Activities

Prog ID/Org	Major Activity or Activities performed	Priority #	Pos (P)	Pos (T)	PS \$\$\$\$	Other \$\$\$\$	MOF
TAX 100	Audit	1	59.00	7.00	2,747,858	156,100	A
TAX 100	Collections	2	48.00	3.00	2,213,616	-	A
TAX 100	District Offices - Hawaii, Maui & Kauai	3	66.00	4.00	3,068,244	-	A
TAX 100	Criminal Investigations	4	4.00		246,557		A
TAX 105	Document Processing	1	89.00	145.00	4,056,199	184,286	A
TAX 105	Revenue Accounting	2	7.00		340,145	-	A
TAX 105	Taxpayer Services	3	42.00		1,847,871	-	A
TAX 107	Supporting Services - Revenue Collections	1	66.00	20.00	4,046,471	2,745,434	A
TAX 107	Supporting Services - Revenue Collections	2	-	-	-	452,000	B
	<b>Total</b>		<b>381.00</b>	<b>179.00</b>	<b>18,566,961</b>	<b>3,537,820</b>	

Table 3  
Biennium Budget Reductions

#	Description of Reduction	Impact of Reduction	Prog ID/Org	Pos	\$\$\$\$	MOF
1	Eliminated funding for out-of-state travel	No out-of-state audits	TAX 100	-	(25,000)	A
2	Reduced funding for Audit Subject Matter Experts	Funding for SMEs reduced to \$25,000. No contingency for funding SMEs to support appeals and/or litigation	TAX 100	-	(275,000)	A
3	Eliminated funding for AG Civil Recoveries Section	Reduced collections	TAX 100		(200,000)	A
4	Eliminated funding for overtime	Increase in time to complete audits	TAX 100		(100,000)	A
5	Eliminated vacant permanent civil service positions	Estimated revenue loss of \$37.5M per year	TAX 100	(18.50)	(754,851)	A
		<b>Sub-total TAX 100</b>		<b>(18.50)</b>	<b>(1,354,851)</b>	
4	Eliminated Olsten Staffing Services	Planned savings initiative	TAX 105		(284,271)	A
5	Eliminated contract with HI Microfilm Services	Planned savings initiative	TAX 105		(36,362)	A
6	Other	Planned savings initiative	TAX 105		(18,666)	A
7	Eliminated Forms-by-Fax contract	Planned savings initiative	TAX 105		(14,819)	A
8	Eliminated Wausau Fin Sys maintenance	Planned savings initiative	TAX 105		(9,896)	A
9	Eliminated all Out-of-State Travel	Planned savings initiative	TAX 105		(7,027)	A
10	Eliminated 13.5 vacant temporary civil service positions and one half of funding for temporary tax season positions	Loss in processing efficiency 6.24 days; one-time lag \$44.93M; decrease in taxpayer services	TAX 105		(1,025,200)	A
		<b>Sub-total TAX 105</b>		<b>-</b>	<b>(1,396,243)</b>	
			TAX 107			
11	Decrease subscriptions	Planned savings initiative	TAX 107		(7,850)	A
12	Decrease photocopy lease	Planned savings initiative	TAX 107		(10,000)	A
13	Decrease Production Support	Inability to support major systems initiatives	TAX 107		(60,000)	A
14	Forms Savings	Broad public impact mitigated by ability to order forms online or by phone and improved form fillable and electronic G-45 with auto calculations	TAX 107		(250,000)	A
15	Eliminate 7 vacant permanent civil service positions; two temporary civil service positions and three temporary exempt positions	Elimination of IT standby pay; inability to support major systems initiatives; Elimination of External Training Office to promote voluntary compliance through training and outreach programs	TAX 107	(7.00)	(840,695)	A
		<b>Sub-total TAX 107 A</b>		<b>(7.00)</b>	<b>(1,168,545)</b>	
16	Eliminate appropriation authorized under ITIMS Special Fund	No impact - Bills authorizing ITIMS Special Fund did not pass.		(1.00)	(417,000)	B
		<b>Sub-total TAX 107 B</b>		<b>(1.00)</b>	<b>(417,000)</b>	
		<b>GRAND TOTAL</b>		<b>(26.50)</b>	<b>(4,336,639)</b>	



Table 5  
Current Year (FY09) Restrictions

Prog ID	FY09 \$\$\$	Impact	FY10 \$\$\$	FY11 \$\$\$
	(962,882)	Information is forthcoming		

Table 6  
Program Performance Results

#	Measures of Effectiveness	Direction of Success (increase/decrease)	FY07 Result	FY08 Result	FY09 Plan	FY10 Plan
1	Ave business days to deposit checks from taxpayers	decrease	17	16	55	29
2	% refunds completed in 45 business days	increase	61	84	83	30
3	Average call answer rate	increase	63	81	61	55
4	Ave cal days to respond to paper/elec correspondence	decrease	15	16	18	25
5	% of returns audited as % of returns filed	increase	0.1	2	0.4	0.25
6	% of returns audited resulting in adjustments	increase	90	93.1	85	80
7	% incr/decr in total delinquent taxes outstanding	decrease	8	9	10	13
8	% inc/dec electronic filings over prior fiscal yr	increase	21	20	9	20
9	Percent error in forecasting general fund revenues	decrease	2.5	2.1	3	3

Attachment 1  
Department-Wide Summary Information (by MOF)

Fiscal Year (FY) 2009					
Act 158/08 Appropriation (a)		Restriction (b)	Emergency Request (c)	Total FY09 (a)+(b)+(c)	MOF
24,072,043		(962,882)		23,109,161	A
869,000				869,000	B
				-	
				-	
24,941,043		(962,882)	-	23,978,161	Total

Fiscal Year (FY) 2010					
Act 158/08 Appropriation (d)	Collective Bargaining (e)	Reduction (f)	Additions (g)	Total FY10 (d)+(e)+(f)+(g)	MOF
24,072,043	1,500,375	(3,919,637)		21,652,781	A
869,000		(417,000)		452,000	B
				-	
				-	
24,941,043	1,500,375	(4,336,637)	-	22,104,781	Total

Fiscal Year (FY) 2011					
Act 158/08 Appropriation (h)	Collective Bargaining (i)	Reduction (j)	Additions (k)	Total FY11 (h)+(i)+(j)+(k)	MOF
24,072,043	1,500,375	(3,919,637)		21,652,781	A
869,000		(417,000)		452,000	B
				-	
				-	
24,941,043	1,500,375	(4,336,637)	-	22,104,781	Total

Please indicate restrictions and reductions as negative numbers, using brackets ( )



Attachment 2  
FY09 Proposed Emergency Requests

Program ID	Description of Emergency Request	FTE	\$\$\$	MOF
	None			





Attachment 5  
All Positions Vacant as of 12/1/08

<u>Date of Vacancy</u>	<u>Position Title</u>	<u>Position Number</u>	<u>Exempt (Y/N)</u>	<u>Budgeted Amount</u>	<u>Actual Salary Last Paid</u>	<u>MOF</u>	<u>Prog ID</u>	<u>Authority to Hire (Y/N)</u>	
1/2/1997	Delinquent Tax Coll Asst II	39124	N	\$ -	\$ -	A	TAX100EO	N	
12/22/2006	Delinquent Tax Coll Asst II	117472	N	\$ 42,696.00	\$ 42,696.00	A	TAX100EO	N	
1/1/2007	Delinquent Tax Coll Asst II	1450	N	\$ 51,936.00	\$ 51,936.00	A	TAX100EO	N	Note 1
1/1/2007	Taxation Compliance Coord	1543	N	\$ 96,300.00	\$ 96,300.00	A	TAX100CO	N	
5/21/2007	Office Assistant III	28816	N	\$ 24,684.00	\$ 24,684.00	A	TAX105BA	N	Note 3
7/1/2007	Office Assistant III	118446	N	\$ 25,668.00	\$ -	A	TAX105BA	N	
7/1/2007	Delinquent Tax Coll Asst II	118608	N	\$ 36,516.00	\$ -	A	TAX100EO	N	
7/1/2007	Tax Clerk	118609	N	\$ 30,036.00	\$ -	A	TAX100EO	N	
7/1/2007	Tax Clerk	118611	N	\$ 30,036.00	\$ -	A	TAX100EO	N	
7/1/2007	Delinquent Tax Coll Asst I	118612	N	\$ 33,756.00	\$ -	A	TAX100EO	N	
7/1/2007	Delinquent Tax Coll Asst I	118613	N	\$ 33,756.00	\$ -	A	TAX100EO	N	
7/7/2007	Auditor V	16049	N	\$ 45,588.00	\$ 45,588.00	A	TAX100CP	N	
7/16/2007	Auditor VI	11461	N	\$ 75,948.00	\$ 75,948.00	A	TAX100CP	N	
8/1/2007	Tax Returns Examiner II	117464	N	\$ 37,956.00	\$ 37,956.00	A	TAX100EO	N	
9/7/2007	Information Tech Specialist IV	1605	N	\$ 47,436.00	\$ 47,436.00	A	TAX107AC	N	
9/24/2007	Tax Returns Examiner III	1501	N	\$ 42,708.00	\$ 42,708.00	A	TAX100CO	N	Note 2
9/24/2007	Office Assistant III	38688	N	\$ 24,684.00	\$ 24,684.00	A	TAX105BA	N	Note 2
9/24/2007	Tax Info Tech II	39132	N	\$ 32,460.00	\$ 32,460.00	A	TAX105BC	N	Note 2
11/1/2007	Information Tech Specialist V	16052	N	\$ 53,880.00	\$ 53,880.00	A	TAX107AC	N	
11/1/2007	Tax Returns Examiner II	117463	N	\$ 33,720.00	\$ 33,720.00	A	TAX100EO	N	
11/14/2007	Tax Information Specialist I	38769	N	\$ 40,512.00	\$ 40,512.00	A	TAX107AA	N	
2/20/2008	Tax Info Tech II	118455	N	\$ 30,012.00	\$ 30,012.00	A	TAX105BC	N	
4/16/2008	Clerk IV	26526	N	\$ 31,176.00	\$ 31,176.00	A	TAX100CK	N	Note 2
5/16/2008	Tax Returns Examiner II	47876	N	\$ 42,708.00	\$ 42,708.00	A	TAX100EO	N	
5/20/2008	Tax Returns Examiner II	47877	N	\$ 33,720.00	\$ 33,720.00	A	TAX100EO	N	
6/16/2008	Tax Info Tech II	49982	N	\$ 42,708.00	\$ 42,708.00	A	TAX105BC	N	Note 3
7/16/2008	Information Technology Specialist IV	35766	N	\$ 47,436.00	\$ 47,436.00	A	TAX107AC	N	
8/1/2008	Auditor IV	7047	N	\$ 45,588.00	\$ 45,588.00	A	TAX100CP	N	
8/1/2008	Information Technology Specialist IV	11509	N	\$ 47,436.00	\$ 47,436.00	A	TAX107AC	N	
8/9/2008	Auditor IV	117444	N	\$ 40,512.00	\$ 40,512.00	A	TAX100CP	N	
8/13/2008	Tax Specialist	1549	N	\$ 34,644.00	\$ 34,644.00	A	TAX107AA	N	
8/15/2008	Research Statistician IV	1509	N	\$ 37,455.00	\$ 37,455.00	A	TAX107AD	N	
9/29/2008	Management Analyst III	21195	N	\$ 37,488.00	\$ 37,488.00	A	TAX105BA	N	
10/3/2008	Management Analyst IV	40222	N	\$ 36,024.00	\$ 36,024.00	A	TAX100AA	N	
10/4/2008	Tax Clerk	40661	N	\$ 30,036.00	\$ 30,036.00	A	TAX100CM	N	
11/3/2008	Account Clerk III	1468	N	\$ 32,424.00	\$ 32,424.00	A	TAX105BB	N	
11/3/2008	Tax Returns Examiner I	3705	N	\$ 32,424.00	\$ 32,424.00	A	TAX100CH	N	
11/3/2008	Tax Returns Examiner III	12002	N	\$ 39,480.00	\$ 39,480.00	A	TAX100CO	N	Note 2

Attachment 5  
All Positions Vacant as of 12/1/08

11/17/2008	Tax Clerk	117465	N	\$ 33,756.00	\$ 33,756.00	A	TAX100CO	N
11/20/2008	Delinquent Tax Coll Asst II	117471	N	\$ 36,516.00	\$ 36,516.00	A	TAX100EO	N

- Note 1      Pending reorg, move from one location to another
- Note 2      Permanent Incumbent has return rights back
- Note 3      Filled with 89-day/TAOL hire

Attachment 6  
 Federal Fund Expenditures Exceeding Ceiling for FY08 and FY09 to date

<u>Prog ID</u>	<u>Act 158/08 Ceiling</u>	<u>Anticipated FY09 Additional Ceiling</u>	<u>Date of Transfer</u>	<u>Reason for Exceeding Ceiling</u>	<u>Recurring (Y/N)</u>	<u>GF Impact (Y/N)</u>
N/A						



Attachment 8  
CIP Summary

Priority	Project Title	FY10 \$\$\$	FY11 \$\$\$	MOF
	N/A			