

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

To: The Honorable Clayton Hee, Chair,
and Members of the Senate Committee on Judiciary and Labor

Date: Tuesday, April 3, 2012
Time: 9:30 A.M.
Place: Conference Room 016, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. 1133 HD2 SD1, Proposed SD2 Relating to Veterinary Medicine

The Department of Taxation (Department) appreciates the intent of H.B. 1133 HD2 SD1, Proposed SD2, but must **oppose the bill** due to the impact it will have on the Department's limited budget and staffing resources, if adopted.

H.B. 1133 HD2 SD1, Proposed SD2, proposes to allow taxpayers with an income tax refund of \$5 or more, an option to designate \$5 (or \$10 in case of a joint return) to the Spay and Neuter special fund.

As the Legislature is aware, the Department has an outdated computer system with significant functionality issues. Staffing resources necessary to develop and implement modifications to the system also are insufficient.

The existing checkboxes were developed and implemented several years ago, when the computer system was much newer and there was sufficient staff resources at the Department to address these types of requests. Hindsight, however, has shown that the check off boxes may not be the most efficient or effective way to raise funds for worthy causes.

Currently, the amount collected by the three current check off box organizations is not significant, especially compared to the amount of resources needed to create the check off box itself. It should also be noted that over the last few years, the amount collected by the organizations has steadily declined.

Below are the FY2010-2011 total collections for the current income tax check off boxes:

SOURCE OF REVENUE	TOTAL - YEAR ENDING		DIFFERENCE
	06/30/11	06/30/10	
School Minor Repairs & Maintenance Fund	\$66,406	\$72,200	(\$5,794)
Public Libraries Fund	\$62,438	\$67,674	(\$5,236)
Domestic Violence/Child Abuse and Neglect Funds	\$129,045	\$134,445	(\$5,400)

It should be noted that only taxpayers receiving refunds may opt to donate via a check off box. Out of approximately 550,000 tax returns filed last year, each organization only received an average of 30,000 boxes checked for their organization, amounting to the collections noted above. Since married couples filing jointly can check off up to six boxes on their tax return and individuals may check off up to three boxes, the actual number of taxpayers who donate via an income tax check off box is a very small percentage.

The Department also notes that while we appreciate the intent, the sunset of the check off box as set forth in section 5 of the Proposed SD2 will create require a similar commitment of staff time and resources from the Department to complete.

Finally, the Department noticed that there were a number of other requests this legislative session for income tax check off boxes. All the other organizations and causes are equally meritorious. The Department is somewhat concerned that granting of an additional check off box will result in many other organizations seeking the same treatment.

For these reasons, the Department cannot support the creation of an additional check off box at this time.

Thank you for the opportunity to provide comments.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, April 03, 2012 6:35 AM
To: JDLTestimony
Cc: inspirevision@aol.com
Subject: Testimony for HB1133 on 4/3/2012 9:30:00 AM

Testimony for JDL 4/3/2012 9:30:00 AM HB1133

Conference room: 016
Testifier position: Support
Testifier will be present: No
Submitted by: Jane Shiraki
Organization: Individual
E-mail: inspirevision@aol.com
Submitted on: 4/3/2012

Comments: