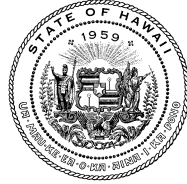


DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
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

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Glenn Wakai, Chair
and Members of the Senate Committee on Economic Development, Tourism, and
Technology

Date: Tuesday, March 28, 2017
Time: 3:00 P.M.
Place: Conference Room 414, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.C.R. 93/S.R. 37, Requesting the Department of Taxation to Upgrade and
Modernize Its Communication System

The Department of Taxation (Department) appreciates the intent of S.C.R 93, and
provides the following comments for your consideration.

S.C.R 93 states that:

- Due to a lack of responsive communication from the Department, taxpayers find it challenging to resolve tax issues;
- The Department's telephone queue holds only twenty calls, and there are only fifteen employees addressing these calls;
- The number of calls to the Department's taxpayer services line are up to hundreds of calls daily, and taxpayers are put on hold for extended periods of time or told to call back during high call volume periods; and
- Taxpayers, especially those with payment deadlines and possible penalties, find a lack of responsive communication frustrating.

S.C.R 93 requests the Department to:

- Upgrade and modernize its communication system;
- As part of the upgrade, increases its number of call centers;
- Enhances its internet chat and electronic mail capabilities;
- Create and maintain a better frequently asked questions page on its website; and
- Report its progress to the Legislature regarding the upgrades requested no later than twenty day prior to the convening of the Regular Session of 2018.

The issues and difficulties that the Department is experiencing relative to responding to taxpayer telephone calls are rooted in staffing constraints. The Department already has access to technology that supports larger phone queues, virtual hold/call-backs, distributed call centers, internet chat, electronic mail, and regularly updated webpages of frequently asked questions. Limited staffing resources in Taxpayer Services prevent the Department from fully utilizing the features of its modern communication systems.

The Department upgraded its call center communication systems as part of the first rollout of the Tax System Modernization (TSM) Program in December 2015. The implementation replaced prior call center hardware and software for which all warranty and vendor support expired on December 31, 2015. The newly implemented communication systems provide access to significantly greater functionality that can support the improvements the Department needs. Unfortunately, staff resources in Taxpayer Services has limited the Department's ability to fully leverage these new features.

The Department is currently evaluating call center processes and creating a priority list for business process reengineering (BPR) improvements to begin this spring. Included in this first evaluation is an assessment of recommended changes to the automated greetings and message options supported by interactive voice response (IVR) technology. The Department is also revisiting priorities for the queue of callers holding for a personal response. The Department's current goal is to periodically evaluate the IVR configuration and call center processes to implement improvements that will help provide direct responses to taxpayer needs.

With respect to personnel, the Department's call center included 12 to 15 employees answering 350 calls per day prior to the TSM Rollout 2 in August 2016. With Rollout 2 and the resulting increase in calls, the Department increased call center staffing to 20 employees. With current staffing levels, the Department call center is answering an average of 425 calls per day. This is a 20% increase of calls being answered by the call center in six months.

Thank you for the opportunity to provide comments.