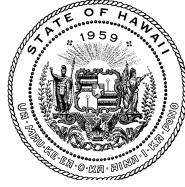


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



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

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1491, S.D. 1, Relating to Departmental Data Sharing.

BEFORE THE:

Senate Committee on Ways and Means

DATE: Tuesday, February 18, 2025

TIME: 10:01 a.m.

LOCATION: State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Department of Taxation (DOTAX) offers testimony in support of S.B. 1491, S.D. 1, an Administration measure.

S.B. 1491, S.D. 1, adds DOTAX and the Department of Business, Economic Development, and Tourism to the list of state agencies sharing data through the statewide longitudinal data system under section 27-7, Hawaii Revised Statutes (HRS). This allows DOTAX to provide certain wage data to the University of Hawaii and other state agencies.

DOTAX's primary concern with sharing data is the protection of confidential taxpayer information. This bill addresses that concern in two ways:

1. Section 27-7(a), HRS, provides that any data provided by DOTAX shall be aggregated or anonymized; and
2. Section 27-7(d), HRS, provides that all data shared by DOTAX shall be subject to any state or federal laws and any administrative rule regarding privacy adopted by the DOTAX.

This measure has a defective effective date of July 1, 2050.

Department of Taxation Testimony
SB 1491, S.D.1
February 18, 2025
Page 2 of 2

If this bill passes with an effective date, DOTAX is able to participate in the sharing of aggregated or anonymized data through the Statewide Longitudinal Data System, as contemplated in this bill.

Thank you for the opportunity to provide comments on this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Ways and Means
Tuesday, February 18, 2025, at 10:01 a.m.

By

Debora Halbert, Vice President for Academic Strategy
University of Hawai'i System

SB 1491 SD1 – RELATING TO DEPARTMENTAL DATA SHARING

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

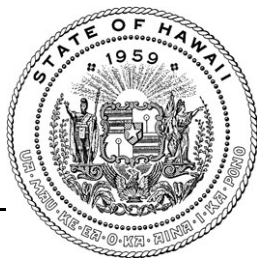
I am writing to support SB 1491 SD1 to include the Department of Taxation in the list of state agencies required to share data through the statewide longitudinal data system. By formalizing data-sharing practices with the Department of Taxation, we will be better equipped to track and analyze workforce outcomes. We defer to the Department of Business, Economic, Development, and Tourism on their inclusion in the language of the bill, but generally support the idea of data sharing for the purposes of longitudinal data analysis.

As it stands, the University of Hawai'i (UH) tracks post-graduation outcomes with some limitations. The most significant gaps involve the lack of data on individuals who are federally or self-employed, leaving the analysis incomplete. By adding the Department of Taxation to the agencies that share data, UH would be able to conduct more accurate and comprehensive analyses of post-graduate outcomes and labor market trends in Hawai'i, which in turn can inform policies and programs aimed at improving educational and workforce outcomes.

More complete data means better policy decisions. We could refine workforce development programs, adjust educational curricula, and create initiatives that better prepare graduates for real-world employment scenarios, ensuring that they are competitive in both the local and global economy.

I appreciate that the bill includes safeguards for privacy and confidentiality, ensuring that any data provided by the Department of Taxation will be aggregated or anonymized. This ensures compliance with federal privacy standards and assures the public that their personal data will remain secure.

Thank you for your time and consideration.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 18, 2025
10:01 AM
State Capitol, Conference Room #211

In consideration of
SB 1491, SD1
RELATING TO DEPARTMENTAL DATA SHARING

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports SB1491, SD1, which adds DBEDT and the Department of Taxation (DOTAX) to the list of state agencies required to share data and determine the data to be shared through the Statewide Longitudinal Data System (SLDS).

This measure is a critical modernization of the State's data infrastructure that will improve our understanding of workforce participation and employment trends across all sectors, including self-employed individuals, entrepreneurs, and gig workers.

Hawaii's economic resilience and diversification efforts rely on aligning workforce development with industry growth needs, particularly in emerging sectors such as technology, creative industries, and renewable energy. This is a key priority outlined in DBEDT's Economic Landscape Presentation (January 2025). Current workforce tracking systems rely heavily on employer-reported data, which excludes nontraditional workforce segments such as self-employed individuals, entrepreneurs, gig workers, and workers in short-term, contract-based, or hybrid arrangements. SB1491 SD1 addresses this gap by incorporating anonymized DOTAX data into the SLDS, enabling accurate tracking and evaluation of employment across all work types. This will inform workforce, economic development, and labor policies.

DBEDT's Research and Economic Analysis Division (READ) produces labor market data and economic analysis to inform the state's economic planning. SB1491 SD1 enhances READ's capacity to analyze self-employment and gig work trends, evaluate workforce impacts of new economic policies and emerging industries, and strengthen data-driven workforce development strategies in collaboration with agencies such as P-20, DLIR, DOE, and UH.

Recommendations

1. Data from DBEDT should be aggregated to protect the confidentiality of the data. DBEDT also has the research capability and is happy to provide the type of research needed from the requestors.
2. DBEDT's role remain analytical and advisory, focused on labor market data and economic modeling, not program oversight.

Additional Comments

We note a direct connection to SB1585 SD1, which establishes workforce performance metrics for the P-20 Partnerships for Education program. The data system improvements under SB1491 SD1 are foundational to the success of SB1585, as P-20, DOE, and UHCC testimony highlighted challenges in tracking nontraditional employment outcomes. Together, these measures will strengthen the State's capacity to evaluate workforce pathways, particularly for self-employed and nontraditional workers.

While SB1491 SD1 and SB1585 SD1 are the primary measures requiring alignment, DBEDT highlights the following related bills, which also depend on or benefit from workforce data modernization:

- SB742 – Data Sharing and Governance Working Group (ETS): Improves inter-agency data protocols; directly supports SLDS data-sharing and DBEDT's expanded role under SB1491.
- HB1373 HD1 – Workforce Development Incentive Rebate Program (Creative Industries): DBEDT-administered wage rebate program; SLDS data could track long-term workforce impacts in the creative sector.
- HB209 – Hawaii State Fellows Program: Public sector workforce pipeline; SLDS data could measure vacancy reduction and program graduates' retention.
- SR29 – Task Force on Workforce Automation: Evaluates workforce shifts due to automation; SLDS data could support reskilling and displacement tracking.
- HB695 / HB755 HD1 – Paid Family Leave (Self-Employed Opt-In): Extends leave coverage to self-employed; SLDS could track self-employed participation and broader workforce impacts.

This measure aligns with DBEDT's strategic vision to diversify Hawaii's economy and build resilient workforce pipelines. We look forward to working with SLDS partner agencies to provide accurate, actionable workforce data to inform state policies.

Mahalo for the opportunity to testify.



Testimony Presented Before the
Senate Committee on Ways and Means
Tuesday, February 18, 2025, at 10:01 a.m.

By
Stephen Schatz, Executive Director
Hawai'i P-20 Partnerships for Education

SB 1491 HD1 – RELATING TO DEPARTMENTAL DATA SHARING

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to testify on SB 1491 HD 1 relating to departmental data sharing across state agencies to include the Department of Taxation (DOTAX) and the Department of Business, Economic Development, and Tourism (DBEDT) in the statewide longitudinal data system (SLDS).

Hawai'i P-20 Partnerships for Education (Hawai'i P-20) supports SB 1491 HD 1. Since 2010, Hawai'i P-20 has managed the Hawai'i Data eXchange Partnership (DXP), which consists of five state agencies: the Department of Education, University of Hawai'i (UH), Department of Labor and Industrial Relations (DLIR), Department of Health, and Department of Human Services. This group governs Hawai'i's cross-agency SLDS that links information on individuals from infancy through early learning, K-12 and postsecondary education, and into the workforce. On behalf of the DXP, Hawai'i P-20 coordinates data sharing among state agencies which is executed through legally vetted agreements that list specific data elements, the purpose, and the use of the data. Compliance with state and federal guidelines and regulations pertinent to the data sharing partner are always followed. Partners maintain control over their data via DXP's governance policy and processes. (More information available at: <https://www.hawaiidxp.org/>).

Data sharing between UH and DLIR provides valuable information on UH graduates in Hawai'i's workforce, but that data is incomplete as it does not include self-employed or federal workers. DOTAX data could help provide a more complete picture of workforce outcomes, particularly for those who are federally- or self-employed. Hawai'i P-20 will work with both DLIR and DBEDT to explore available data that could enhance the SLDS.

Thank you for the opportunity to submit testimony on this measure.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Data Sharing; Statewide Longitudinal Data Sharing

BILL NUMBER: SB 1491 SD 1

INTRODUCED BY: Senate Committee on Labor and Technology

LATE

EXECUTIVE SUMMARY: Adds the Department of Taxation and the Department of Business, Economic Development, and Tourism to the list of state agencies sharing data through the statewide longitudinal data system. Allows the Department of Taxation to provide the University of Hawai'i and other state agencies certain wage data.

SYNOPSIS: Amends section 27-7, HRS, to add the Department of Taxation and the Department of Business, Economic Development, and Tourism to the State's existing longitudinal data system, provided that Taxation data is aggregated or anonymized.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: This is an Administration bill sponsored by the University of Hawaii and designated UOH-11 (25).

We have no objection to efforts to analyze case data from Hawaii government agencies, as long as individual taxpayer privacy is respected.

Digested: 2/15/2025