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

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 1172, H.D. 1, Relating to Departmental Data Sharing.

**BEFORE THE:**

House Committee on Labor

**DATE:** Tuesday, February 11, 2025

**TIME:** 9:00 a.m.

**LOCATION:** State Capitol, Room 309

Chair Sayama, Vice-Chair Lee, and Members of the Committee:

The Department of Taxation (DOTAX) offers testimony in support of H.B. 1172, H.D. 1, an Administration measure.

H.B. 1172, H.D. 1 adds DOTAX 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, 3000.

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  
House Committee on Labor  
Tuesday, February 11, 2025, at 9:00 a.m.

By

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

#### HB 1172 HD1 – RELATING TO DEPARTMENTAL DATA SHARING

Chair Sayama, Vice Chair Lee, and Members of the Committee:

I am writing to support House Bill 1172 HD1, to include the Department of Taxation in the list of state agencies required to share data through the statewide longitudinal data system. This important measure will enhance Hawai'i's ability to track workforce outcomes and make informed decisions that ultimately improve the education-to-workforce pipeline. By formalizing data-sharing practices with the Department of Taxation, we will be better equipped to track and analyze workforce outcomes.

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 Hawai'i's workforce regarding individuals who are federally employed or self-employed. By adding the Department of Taxation to the list of agencies that share data, we would gain access to wage and employment information, giving UH the ability to conduct more accurate and comprehensive analyses of post-graduate outcomes and labor market trends in Hawai'i. This data will help UH create accurate models of post-graduate employment trends, which in turn can inform policies and programs aimed at improving educational and workforce outcomes.

I also 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.

Ultimately, adding the Department of Taxation to the list of agencies who share data is an important step toward improving Hawai'i's workforce analysis, educational outcomes, and policy-making capacity.

Thank you for your time and consideration.



Testimony Presented Before the  
House Committee on Labor  
Tuesday, February 11, 2025, at 9:00 a.m.  
By  
Stephen Schatz, Executive Director  
Hawai'i P-20 Partnerships for Education

HB 1172 HD1 – RELATING TO DEPARTMENTAL DATA SHARING

Chair Sayama, Vice Chair Lee, and Members of the Committee:

Thank you for the opportunity to testify on HB 1172 HD1 relating to departmental data sharing across state agencies to include the Department of Taxation (DOTAX) in the statewide longitudinal data system (SLDS).

Hawai'i P-20 Partnerships for Education (Hawai'i P-20) supports HB 1172 HD1. 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.

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

# TAX FOUNDATION OF HAWAII

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SUBJECT: MISCELLANEOUS; Data Sharing; Statewide Longitudinal Data Sharing

BILL NUMBER: HB 1172 HD 1

INTRODUCED BY: House Committee on Higher Education

EXECUTIVE SUMMARY: Adds the Department of Taxation 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 to the State's existing longitudinal data system, provided that its data is aggregated or anonymized.

EFFECTIVE DATE: July 1, 3000.

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: 2/8/2025