

February 5, 2018

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Senate Committee on Ways and Means  
Conference Room 211  
Hawai'i State Capitol  
Honolulu, HI 96813

RE: Testimony on SB 2822, Relating to Electronic Filing

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

My name is Christine Sakuda and I serve as the executive director of Transform Hawai'i Government (THG), a coalition of organizations and individuals who believe in improving government services for every Hawai'i resident on every island. THG supports Senate Bill 2822, Relating to Electronic Filing, which authorizes the Department of Taxation to require certain taxpayers to file returns electronically, subject to exceptions for reasonable cause as provided by administrative rules.

The State of Hawai'i's Tax System Modernization project is an ambitious initiative, and it is also one of the most necessary. Under the new leadership of interim Tax Director Linda Chu Takayama, the modernization project is making progress in overhauling the state's revenue engine and the technology needed to support it. THG strongly believes the project is a worthy investment, as a modern tax collection system is what Hawai'i taxpayers expect and deserve.

With the successful implementation of "Rollout 3" last summer, the Department of Taxation launched new electronic filing functionality for business filers through its Hawai'i Tax Online portal, with similar functionality for individual filers scheduled to "go live" as part of the next rollout.

While some business users may be reluctant to go paperless, such progress is inevitable as electronic filing becomes the norm at both state and federal levels. Strong encouragement to use the new electronic functionality of the new system is critical to maximize positive return on investment and realizing the cost-efficiencies associated with filing electronically that the state and businesses alike will enjoy over the long-term. This measure provides a mechanism for the department to encourage these most likely filers — those with the best reasons to file electronically — to be first users of the system and demonstrate success.

Thank you for the opportunity to provide testimony in support of this important bill.