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

TESTIMONY ON THE FOLLOWING MEASURE:

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

BEFORE THE:

House Committee on Finance

DATE: Friday, March 28, 2025
TIME: 2:00 p.m.
LOCATION: State Capitol, Room 308

Chair Yamashita, Vice-Chair Takenouchi, and Members of the Committee:

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

S.B. 1491, S.D. 1, H.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 Hawai'i and other state agencies.

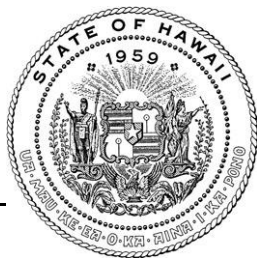
DOTAX's primary concern with sharing data is the protection of confidential taxpayer information. This bill addresses that concern in two ways:

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.

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 testimony in support of this measure.



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

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Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Friday, March 28, 2025, 2:00 PM
State Capitol, Conference Room #308

In support of
SB 1491 SD1 HD1
RELATING TO DEPARTMENTAL DATA SHARING.

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee: The Department of Business, Economic Development and Tourism (DBEDT) supports SB1491 HD1 and appreciates the Committee's amendment clarifying that data shared by DBEDT and the Department of Taxation (DOTAX) must be in aggregated or anonymized form. This change addresses DBEDT's prior concern regarding the confidentiality of workforce data collected through federal and state surveys.

SB1491 HD1 adds DBEDT and DOTAX to the list of agencies participating in the Statewide Longitudinal Data System (SLDS). The intent is to improve the State's ability to track and analyze workforce trends across a broader range of employment types, including self-employed individuals, entrepreneurs, and gig workers, who are not consistently captured in current Unemployment Insurance (UI)-based systems.

DBEDT's Role & Data Considerations

DBEDT's Research and Economic Analysis Division (READ) provides economic and labor market insights to support informed policymaking. While READ collects valuable workforce data through state and federal surveys, this data is subject to strict

confidentiality protections. DBEDT reiterates that it will only share aggregated data, as required by law and now affirmed by the HD1 amendment.

We also note that mandated data-sharing, if not carefully scoped, may affect survey response rates and increase collection costs. We appreciate that the current version of the bill supports voluntary and compliant data collaboration, and we are committed to working with SLDS partners in that spirit.

Alignment with SB1585 SD1 (Workforce Metrics Bill)

SB1491 HD1 supports the goals of SB1585 SD1, which seeks to establish workforce performance metrics. DBEDT recommends that SB1585 explicitly reference SLDS data from SB1491 to ensure that performance tracking is accurate, comprehensive, and avoids duplicative systems. Together, these bills can improve the State's workforce planning and evaluation framework.

SB1491 HD1 reflects thoughtful refinement and inter-agency collaboration. The bill supports the State's broader goal of aligning education and workforce systems with real-time labor market needs, while protecting the confidentiality of sensitive data. DBEDT supports this measure and looks forward to contributing to SLDS workforce data efforts in a way that strengthens economic planning and accountability.

Mahalo for the opportunity to testify.



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 Finance
Friday, March 28, 2025, at 2:00 p.m.

By

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

SB 1491 SD1 HD1 – RELATING TO DEPARTMENTAL DATA SHARING

Chair Yamashita, Vice Chair Takenouchi and Members of the Committee:

I am writing to support SB 1491 SD1 HD1 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.

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 HD 1

INTRODUCED BY: House Committee on Labor

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 any data provided by the department of business, economic development and tourism and the department of taxation data shall be 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: 3/25/25



Testimony Presented Before the
House Committee on Finance
Friday, March 28, 2025, at 2:00 p.m.

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

SB 1491 SD 1 HD 1 – RELATING TO DEPARTMENTAL DATA SHARING

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to testify on SB 1491 SD 1 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 SD 1 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.