

Tax Review Commission

Areas of Study

1. Tax incidence – who bears the burden of the various taxes in Hawaii, including real property tax. (I think this was part of the Mikluis study for the 1989 Tax Review Commission.)
2. GET regressivity and export – is the GET regressive, even with the food/excise tax credit? Who bears the ultimate burden of the GET, business or consumer? How much of the GET is exported to visitors and non-residents (related to (1) above?)
3. Use tax and big boxes/others which direct ship and bypass wholesalers – Are they paying the appropriate use tax? How should the products shipped directly to the State for resale be valued?
4. Internet and catalog sales – How much GET/use tax revenues are being lost? How can the State legally tax those sales?
5. GET and other tax reform bills –
What are the pricings of the attached draft bills:
HB LRB 12-0091
HB LRB 12-0093-1
HB LRB 12-0310
6. What should the legislature do about the tax increases that will expire in 2015?
7. Update of Dr. Fox's *"Implications of the Streamlined Sales Tax Agreement for the General Excise Tax Revenues"* (report prepared for the State of Hawaii Office of the Auditor, April 6, 2006) with consideration to the Main Street Fairness Act/Streamlined Sales Tax Agreement.
8. Update of Andrew Mason's *"Aging, Pension Income, and Taxes in Hawaii"* (Oct. 9, 2002) with an estimate of the impact of adopting the 2005-2007 Tax Review Commission's recommendation to conform to the federal tax treatment of taxing retirement income, excluding an annual base amount. Alternate versions of the recommendation should also be studied, including applying the base exclusion to all types of retirement income (401(k), IRA, etc.)
9. Update of Walter Miklius, et al's *"Distribution of State and Local Tax Burden by Income Class"* (University of Hawaii 1989.)

10. A study on the possible ways to address the regressivity of Hawaii's taxes and suggestions for improving the administration of Hawaii's taxes with respect to civil unions. (For example, given the differences already imposed by the civil union law, efforts should be made towards conformity with existing federal estate tax laws.)
11. A study by the Department of Taxation of the more troublesome areas to administer due to ambiguous legislation. (For example, the definition of a "system" with respect to the Renewable Energy Technologies Credit.)
12. A study comparing the ease and effectiveness of adapting the Hawaii general excise and use tax laws to utilize the provisions of either the Marketplace Equity Act of 2011 (HR3179) or the Main Street Fairness Act (HR2701.)
13. Should tax incentives such as real property tax and general excise tax exemptions and income tax credits be used to promote transit oriented development of community facilities and affordable housing at or near rail and other mass transit stations?
14. Should the State Constitution be amended in order to allow the real property tax to be utilized as an additional source of funding for public school and community college facilities in the respective counties?
15. Should the State enact a controlled interest transfer tax? By conveying controlling interests in entities that own real property in Hawaii, large blocks of real property have been transferred without the payment of conveyance tax.

Ask them to look at how we fund government versus how we tax especially in real property. In most other states, education, county hospitals, jails etc are funded by real property taxes how does that affect the following:

1. Less real property tax write off against federal returns (how much are residents losing in federal subsidy).
2. How much revenue is the state losing due to the fact that many people live here for a few months in the year and don't file income taxes here. They not paying their fair share.

How many people retirees pay taxes and how many don't, both #'s and percentages.