

**Tax Review Commission
Studies and Potential Studies**

1984 TRC

Studies by Consultant	<ol style="list-style-type: none"> 1. Impact of Hawaii's Taxes: A Look at Taxpayer Burden and Equity (<i>Donald Phares</i>) 2. The Hawaii Income Tax: A Case Study of Issues of the Tax Base Conformity (<i>William Singleton and Janet Singleton</i>) 3. An Examination of Horizontal Inequities and Possible Structural Anomalies of the Hawaii General Excise Tax (<i>John Mikesell and C. Kurt Zorn</i>) 4. Evaluation of Tax Pyramiding and Exporting Through Means of an Input-Output Model (<i>Richard Bowen and PingSun Leung</i>) 5. Detailed Analysis of Tax Exporting (<i>R. Bruce Billings</i>) 6. Detailed Analysis of Tax Pyramiding (<i>R. Bruce Billings</i>) 7. Study Report on the Elasticity of General Fund Taxes (<i>D. Ward Mardfin</i>) 8. Fiscal Projections for the State of Hawaii (<i>Roy Bahl and Dana Weist</i>) 9. Business Taxation in Hawaii: A Comparative Analysis with Policy Simulations (<i>James Papke</i>) 10. The Incidence and Exportability of Hotel Occupancy and Other Tourist Taxes in Hawaii (<i>Edwin Fujii, Mohammed Khaled, James Mak</i>)
Studies by Staff	<ol style="list-style-type: none"> 1. Hawaii's Changing Economy: 1960-1980 2. A Comparative Review of Hawaii's Fiscal System: 1965-1981 3. Hawaii Government Revenue Trends 4. Hawaii Government Expenditure Trends 5. Inflation and Hawaii Income Taxes 6. Judgmental Issues Related to Tax Equity: Tax Incidence and Funding Methods 7. A Primer on Pyramiding 8. Revenue Diversification: User Charges, Gambling Taxes, and Local Non-Property Taxes 9. State Tax Preferences to Stimulate Investment 10. Ad Valorem Versus Per Unit Tax on Liquor 11. Special Issues of the Hawaii Income Tax 12. Results of the Transient Accommodations Tax Survey 13. Results of a Survey of Non-Profit Organizations on Oahu

1989 TRC

Studies by Consultant	<ol style="list-style-type: none"> 1. Distribution of State and Local Tax Burden by Income Class (<i>Walter Miklius, James Moncur, and PingSun Leung</i>)
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	<ol style="list-style-type: none"> 2. An Analysis of the Hawaii Individual Income Tax: Recent Trends and Projections (<i>KMPG Peat Marwick Main</i>) 3. Defining the General Excise Tax Base: Exemptions and Pyramiding (<i>William Fox</i>) 4. State Taxation of Banks: Issues and Options (<i>Sandra B. McCray for Advisory Commission on Intergovernmental Relations</i>) 5. Intergovernmental Fiscal Relations in Hawaii (<i>Advisory Commission on Intergovernmental Relations</i>)
Studies by Staff	<ol style="list-style-type: none"> 1. Is Hawaii's Tax System Adequate? (<i>James Mak and Shamsuddin Ahmad</i>) 2. Budget Stabilization Funds (<i>Marcia Sakai</i>) 3. Special Funds (<i>Marcia Sakai</i>) 4. The Origin of Hawaii's General Excise Tax (<i>Debra Oyadomori</i>) 5. Hawaii Bank Taxation (<i>James Harrington</i>) 6. Public Service Company Tax (<i>Debra Oyadomori</i>) 7. Transient Accommodations Tax (<i>James Mak</i>) 8. Nonresident Investment in Hawaii (<i>Marcia Sakai</i>) 9. The Tax Rate Adjustment Provision of the Hawaii Liquor Tax Law (<i>Marcia Sakai</i>) 10. The Cost of Unemployment Insurance and Workers' Compensation Programs in Hawaii (<i>James Mak and Alison Abe</i>)

1995 – 1997 TRC

After careful review of time and budgetary constraints, this Commission limited its scope to Hawaii's general excise tax, use tax and net income tax. These taxes account for over 80% of Hawaii's state government tax revenues. "Only if government spending is reduced can Hawaii effectively reduce its taxes so as to provide real equity for Hawaii's taxpayers," the report emphasizes.

Internal Studies	<ol style="list-style-type: none"> 1. Revenue Statistics, Burden, Revenue Adequacy 2. County Revenues
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2001 – 2003 TRC

Studies by Consultant	<ol style="list-style-type: none"> 1. Should the Hawaii General Excise Tax Look Like Other State's Sales Taxes? (<i>Dr. William F. Fox</i>) 2. Aging, Pension Income, and Taxes in Hawaii (<i>Andrew Mason</i>) 3. Tax Adequacy in Hawaii (<i>Bruce W. Kimsey and Brent D. Wilson</i>) 4. State Corporate Tax Revenue Trends: Causes and Possible Solutions (<i>William F. Fox and LeAnn Luna</i>)
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2005 – 2007 TRC

Studies by Consultant	<ol style="list-style-type: none"> 1. Measuring the Costs and Benefits of Hawaii's Qualified High Technology Business (QHTB) Investment Tax Credit under Act 221 and Act 215 (<i>Dr. Marcia Sakai and Dr. Bruce Bird</i>) 2. Hawaii's General Excise Tax: Should the Base Be Changed? (<i>Dr. William Fox</i>)
Studies by Staff	<ol style="list-style-type: none"> 1. Study on the Question 'Is Hawaii's Tax Structure Adequate? 2. Study on the Progressive or Regressive Nature of Hawaii's Taxes 3. Study on the Question 'Should Hawaii Replace Its Income and Franchise Taxes With an Increase in the General Excise Tax? 4. Effects of Increasing the Hawaii Standard Deduction, Expanding the Hawaii Individual Income Tax Brackets, and Enacting a Hawaii Earned Income Tax Credit and Food, Medical Services, and Nonprescription Drug Income Tax Credit 5. Hawaii's Budget Process and Budget Stabilization Funds 6. Revenue Costs for Selected General Excise Tax And Use Tax Exemptions and Deductions

2010 – 2013 TRC

Studies by Consultant	<ol style="list-style-type: none"> 1. Study of the Hawaii Tax System. A systematic study of the State's tax structure with particular emphasis on answering 2 key questions: (1) Will the current tax system provide sufficient revenues to meet near and long term future needs for the 21st century, and (2) Are there alternative tax structures that could improve Hawaii's ability to generate sufficient revenues (<i>The PFM Group</i>). 2. Selected General Excise Tax Issues ? Specifically, the report examines the GET revenue lost because of the inability to collect revenue due because of e-commerce and the revenue that is not obtained because of a set of seven specific exemptions. The paper also considers several related issues, including the legislation currently before Congress to allow states to require remote firms to collect their sales tax and the revenue neutral GET rate that could be levied if the personal and corporate income taxes were eliminated. The paper also examines several GET exemptions, divided into two categories: consumer exemptions and exemptions for business inputs (<i>Dr. William Fox</i>).
Studies by Staff	<ol style="list-style-type: none"> 1. Adequacy of Hawaii Tax Structure (<i>Mr. Joshua Fujino and Dr. Donald Rousslang</i>). 2. Effects of Eliminating Income Tax for Those below Poverty Level (<i>Ms. Titin Sakata</i>)

2015 – 2018 TRC

<p>Studies by Consultant</p>	<ol style="list-style-type: none"> 1. A study showing who bears the burden of Hawaii's taxes. The study would show the incidence of the taxes imposed by the State and by the counties by income class, and the portion of each tax that is exported to nonresidents. 2. A study showing ways to reform Hawaii's taxes to make them less regressive. Solutions might include reducing reliance on more regressive taxes in favor of taxes that are more progressive, or making the individual income tax more progressive. The reform can be designed to raise tax revenue, or to be revenue neutral. 3. A study on the best ways to generate more revenue through new and existing sources, and through improved compliance with Hawaii's tax laws. The study should consider, at least broadly, how much revenue will be needed to maintain the current level of government services (tax adequacy), including unfunded or underfunded liabilities for pension and health care benefits for retired state workers. <p><i>(All three studies to be completed by the PFM Group)</i></p>
<p>Studies Discussed by the TRC</p>	<ol style="list-style-type: none"> 1. GET/Exemptions: A study on GET exemptions. The study would address the question of which GET exemptions are tax expenditures, as opposed to exemptions that prevent the GET from applying to income that is not properly part of an excise or sales tax base (such as wages or income from sale of unimproved land) or that are in place to prevent pyramiding of the GET (such as the subcontractors' deduction). 2. Income Tax Credit/Exemptions: A study on tax credits, exclusions and deductions in the income tax. The study would, among other things, assess the costs and benefits of the tax credits, exclusions, and deductions, including the tax credits designed to promote social welfare and the tax credits designed to encourage certain industries or activities. 3. Neutrality: A study on the neutrality of Hawaii's taxes. The study would try to determine if the state's tax code favors some industries or sectors over others. Ideally, taxes have as little effect as possible on business decisions. The study could also be made to address the costs and benefits of current policies that deliberately encourage certain industries or sectors, such as the tax credits for film production and for renewable energy. 4. Sublease Deduction for Transient Accommodations: A study on whether the sublease deduction can and should be applied to hotels in a manner similar to other subleased real property. 5. Equitable Allocation of the Transient Accommodation Tax. The provision of public services is mandated by law between the state and counties, as is the funding for such duties and responsibilities. 6. Tax Effect of Timeshare versus Hotel Rentals. Hotels are subject to the Transient Accommodations Tax while timeshares are subject to Transient Occupancy Tax. The tax rates will be the same as of 12/31/16; however, the tax bases differ in a way that encourages investment in timeshares over hotels. Study how the current tax structure affects the state's

	<p>transient occupancy as well as recommend solutions to address any inequities that may exist.</p> <p>7. Erosion of Certain Tax Types Due to Inflation. Certain miscellaneous tax types are eroded by inflation without regular adjustments, such as with the cigarette tax. For other tax types that have not been adjusted regularly, like the taxes on liquor, fuel (including the environmental response tax), vehicle weight, and motor vehicle rentals, inflation causes the effective tax rate to decrease over time. Evaluate methods to prevent the erosion of the effective tax rate, including changing to an ad valorem tax or indexing the tax rates based on the Consumer Price Index.</p> <p>8. Study conformity of State income tax law with the Internal Revenue Code as it relates to the standard deduction and personal exemption.</p>
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