



## Memorandum

To: Chair Colleen Takamura, Tax Review Commission  
Vice Chair Vaughn Cook, Tax Review Commission  
Ray Blouin, Tax Review Commission  
Nalani Kaina, Tax Review Commission  
John Knox, Tax Review Commission  
Dawn Lippert, Tax Review Commission  
Billy Pieper, Tax Review Commission  
Titin Sakata, Hawaii Department of Taxation

From: Randall Bauer, PFM

Re: Tax Studies Project Report, 4/1/2017

---

### Project Summary

The PFM Group's study of the Hawaii tax system continues to progress according to schedule. The project team has completed all activities associated with Phase 1 (Planning and Project Management) and has fully transitioned to Phase 2 (Information Gathering). In recent weeks, the project team has continued to conduct phone interviews with key stakeholders and subject matter experts as identified by members of the Commission. These calls (and the earlier on-site meetings) are very useful for understanding the State's taxation issues from a variety of stakeholder perspectives.

Additionally, the team has begun modeling and analyzing tax burden and regressivity using existing data related to tax incidence and its impact on differing income cohorts. Finally, the project team is working to refine the Excel model that will be used for assessing options and opportunities related to tax and revenue alternatives for the State. This model will be a key resource for subsequent steps in the project.

### Key Activities through April 1, 2017

The project team conducted the following activities in accordance with Phase 2 of the project plan:

- Commenced best practices research on tax structure and tax policy issues that are applicable to the State
- Continued to work with departments to collect relevant data to populate the revenue model and conduct other analyses regarding the State's tax structure
- Began benchmarking Hawaii relative to peer governments
- Commenced development of models to assess tax burden, regressivity, and revenue alternatives for use in the analytical and recommendations phases of the project
- Continued to schedule and hold interviews and follow-up meetings via conference call with internal and external stakeholders and subject matter experts. Recent meetings include:



Affiliation	Name(s)	Date
Hawaii Senate	Sen. Ronald Kouchi	March 14, 2017
Council on Revenues	Jack Suyderhoud	March 20, 2017
Hawaii Tax Foundation	Tom Yamachika	March 20, 2017
Council on Revenues	Marilyn Niwao	March 31, 2017
Hawaii Appleseed Center	Nicole Woo	March 31, 2017

For a full list of interviews conducted to date, see **Appendix A**.

### Planned Activities April 1-14, 2017

The project team will continue the following Phase 2 activities:

- Best practices research on tax structure and tax policy issues that are applicable to the State
- Work with departments to make progress on collecting relevant data to populate the revenue model and conduct other analyses regarding the State's tax structure
- Benchmark Hawaii relative to peer governments
- Project team will begin to develop models to assess tax burden, regressivity, and revenue alternatives for use in the analytical and recommendations phases of the project
- Schedule and hold interviews and follow-up meetings via conference call with internal and external stakeholders and subject matter experts. On April 6, the Project Team will speak with representatives from the Hawaii Tourism Authority, and on April 13, it will talk with a representative from the Chamber of Commerce. The team is also in the process of scheduling phone meetings with a representative from the Governor's Office and Senator Jill Tokuda, Chair of the Senate Ways and Means Committee.

### Action, Support or Materials Requested

- The Project Team will continue to schedule and hold interviews and follow-up meetings via conference call. If there are internal or external stakeholders that the TRC and staff believe are warranted in addition to the names listed above, please let us know so that we can arrange meetings.

### Issues and Risks (Carried Over as Well as New)

This section will serve as a means to monitor project issues and risks as they occur and are resolved. There are currently no issues or risks.

Issue #	Issue	Proj. Impact (High/Med/Low)	Responsibility Assigned To	Actions & Status	Date Logged	Target Resolution Date



## Project Calendar

Below is an overview of the key dates as outlined in the initial project plan (dates subject to change pending modifications/guidance from the TRC):

Date(s)	Description
February 6-10	Contract Signed
February 13-17	Interviews TRC Members
February 20-24	Interviews Key Stakeholders
March 6-10	Attend TRC Meeting in Person to Discuss Project Plan and Strategy
April 24	Attend TRC Meeting Remotely
June 19-30	Present High Level Findings Remotely
July 31-August 4	Draft Report Due
July 31-August 4 <sup>1</sup>	Attend TRC Meeting in Person to Present Draft Report
September 4-8	Final Report Due

---

<sup>1</sup> Or on a date that aligns with TRC meeting



## Appendix A

### Completed Stakeholder/Subject Matter Expert Interviews as of April 1, 2017

Affiliation	Name(s)	Date
Council on Revenues	Kurt Kawafuchi Jack Suyderhoud Marilyn Niwao	March 8, 2017 March 20, 2017 March 31, 2017
Department of Budget and Finance	Wes Machida Neal Miyahira Laurel Johnston Sharon Kotaka	March 8, 2017
Department of Business, Economic Development and Tourism	Dr. Eugene Tian Dr. Joseph Roos	March 7, 2017
Department of Taxation	Ted Shiraishi Titin Sakata Donald Rousslang Titin Sakata	March 9, 2017
Hawaii Appleseed Center	Nicole Woo	March 31, 2017
Hawaii House of Representatives	Rep. Isaac Choy Rep. Scott Saiki	March 8, 2017
Hawaii Senate	Sen. J. Kalani English Sen. Ronald Kouchi	March 8, 2017 March 14, 2017
Hawaii Tax Foundation	Tom Yamachika	March 20, 2017
Tax Review Commission	Colleen Takamura, Chair Vaughn Cook, Vice Chair Ray Blouin Nalani Kaina John Knox Dawn Lippert Billy Pieper Randy Iwase (prior TRC)	February 28, 2017 February 26, 2017 February 27, 2017 February 28, 2017 February 20, 2017 March 6, 2017 February 27, 2017 March 7, 2017