



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, 7/17/2017

Project Summary

The PFM Group's study of the Hawaii tax system continues to progress according to schedule. Upon completion of stakeholder interviews with DoTax Deputy Director Damien Elefante (date TBD), the team will have finalized all Phase 2 (Information Gathering) activities. Concurrently, the team is working toward completing all Phase 3 (Evaluation) activities and is transitioning to Phase 4 (Recommendations).

During the first days of this reporting period, the project team primarily focused on completing its analysis of high level findings; Project Manager Randy Bauer shared these findings with the Commission on Thursday, July 6th and looks forward to the Commission's Q&A session scheduled for Thursday, July 27th.

Additionally, project team met internally to discuss the status and format of the final report. In accordance with the project plan, the team will be prepared to share a draft report with the Commission the week of July 31-August 5, 2017.

Key Activities through July 15, 2017

The project team conducted the following activities as parts of Phases 3 and 4 of the project plan:

- Finalized high level finding document and shared it with the Commission;
- Developed detailed outlines for draft reports;
- Finalized the tax burden and regressivity models and evaluation of the impact of revenue initiatives on tax burden and regressivity;
- Finalized best practices research on tax structure and tax policy issues that are applicable to the State of Hawaii.

Planned Activities July 15-31, 2017

- Complete remaining stakeholder interviews; the project team hopes to speak with Damien Elefante, Deputy Director of the Department of Taxation;
- Participate in Commission's Q&A session on Thursday, July 27th;



- Make final refinements to revenue and tax burden models;
- Conduct quality assurance on models;
- Continue to produce and refine draft report.

Action, Support or Materials Requested

- The project team requests assistance with scheduling an interview with Damien Elefante, Deputy Director of the Department of Taxation.

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.

Issue #	Issue	Proj. Impact (High/Med/Low)	Responsibility Assigned To	Actions & Status	Date Logged	Target Resolution Date
1	Remaining DoTax Interview	Medium	Titin Sakata	PFM requests DoTax assistance in scheduling interview with D. Elefante	5/31/17	7/31/17

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
July 6	Present High Level Findings Remotely
July 31-August 4	Draft Report Due
July 31-August 4 ¹	Attend TRC Meeting in Person to Present Draft Report
September 4-8	Final Report Due

¹ Or on a date that aligns with TRC meeting



Appendix A

Completed Stakeholder/Subject Matter Expert Interviews as of July 16, 2017

Affiliation	Name(s)	Date
Council on Revenues	Kurt Kawafuchi Jack Suyderhoud Marilyn Niwao John Roberts	March 8, 2017 March 20, 2017 March 31, 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 Seth Colby	March 9, 2017
Department of Taxation	Joshua Lee	June 16, 2017
Hawaii Appleseed Center	Nicole Woo	March 31, 2017
Hawaii Chamber of Commerce	Reg Baker	April 13, 2017
Hawaii House of Representatives	Rep. Isaac Choy Rep. Scott Saiki Rep. Sylvia Luke	March 8, 2017 March 8, 2017 May 15, 2017
Hawaii Senate	Sen. J. Kalani English Sen. Ronald Kouchi	March 8, 2017 March 14, 2017
Hawaii Tax Foundation	Tom Yamachika	March 20, 2017
Hawaii Tourism Authority	George Szigeti Randy Baldemor Daniel Nahoopi Charlene Chan	April 6, 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
University of Hawaii	James Mak (Retired)	April 25, 2017
University of Hawaii Board of Regents	Randy Moore	May 19, 2017
Hawaii Chamber of Commerce	Reg Baker	May 3, 2017