

October 6, 2021

To: Commissioners
Hawai'i Tax Review Commission

From: Beth Giesting, Chair

Re: Specific TRC Recommendations

In order to complete our work as commissioners, we need to revisit all of the priorities we've discussed this year and agree to specific recommendations to incorporate into our final report. Our goal is to agree to adopt or amend each recommendation on its individual merits and as part of a whole.

I suggest we approach this as follows:

- At our October meetings, each of us will:
 - Briefly summarize the issue we presented to the group, including findings or estimates provided by the TRP, if any.
 - Present a specific recommendation and the reasons it should be adopted. Alternatively, members can present the pros and cons of several options for debate.
- The group will discuss each recommendation, sharing questions, suggestions, and concerns, and ultimately come to a consensus (or difference of opinion) on each issue.

Assignments. Please be prepared to provide an updated summary of your topic and recommendations at our next meeting.

- **Murray Clay.** Carbon tax (presentation probably delayed until November).
- **Beth Giesting.** Wealth taxes: Adjusting county property tax rates.
- **Sayle Hirashima.** Tax compliance and enforcement.
- **Kate Lloyd.** Standard deduction and personal exemption changes to mirror federal rates and index to inflation.
- **Alton Miyashiro.** Simpson-Bowles-like Commission to address spending.
- **Winston Wong.** Tax credits and GET exemptions and equitable taxation on retirement income.
- **Beth Giesting.** Visitor Impact/Green fees.

If helpful, you may refer to tax system goals such as:

- Adequacy. Does our tax system produce revenues sufficient to our needs?
- Fairness. Is our tax system fair for taxpayers at all income levels and for similarly situated taxpayers (i.e., do all similar taxpayers get the same breaks and have the same rates)? Do those who benefit from Hawai'i's climate, environment, and public services contribute appropriately?
- Efficiency. Is our tax system easy to comply with and can we spend a minimal amount on administration and collection?
- Stability. Is our tax code predictable for taxpayers and are its revenues predictable for long-term state planning?

- Neutrality. Are taxes levied in a uniform way as opposed to providing economic advantages to some taxpayers or activities?
- Broad based. To what extent are taxes borne broadly so that rates can be minimized?
- Exportability. Are our tax revenues exportable, especially to off-set costs attributable to nonresidents that are otherwise borne by residents?
- Beneficial. Is our tax system, where applicable, a tool to encourage positive activities or discourage negative ones (e.g., taxes on tobacco products that discourage smoking)?