

TAX REVIEW COMMISSION 2025-2027

First Meeting
January 15, 2026

Baybars Karacaovali, Ph.D.
Tax Research & Planning Officer
Hawai‘i Department of Taxation (DOTAX)



TAX REVIEW COMMISSION 2025-2027

First Meeting

January 15, 2026

**CALL TO ORDER
PUBLIC NOTICE
QUORUM**



AGENDA

- 1. Call to Order, Public Notice, Quorum**
- 2. Opening Remarks by Hawai‘i Department of Taxation (DOTAX) Director Gary Suganuma**
- 3. Introduction of the Tax Review Commission (“Commission”) Staff and Members**
- 4. Communication to the Commission and Public Comment**
- 5. Presentation by Baybars Karacaovali, Ph.D.**
- 6. Election of Chair and Vice Chair of the Commission**
- 7. Scheduling of the Next Meeting**
- 8. Adjournment**

TAX REVIEW COMMISSION 2025-2027

First Meeting
January 15, 2026

**Opening Remarks by
Hawai‘i Department of Taxation (DOTAX)
Director Gary Suganuma**



Introduction of the Tax Review Commission (“Commission”) Staff and Members

Commission Staff

- **Baybars Karacaovali, Ph.D.**
 - DOTAX, Tax Research & Planning Officer
 - Executive Director of the Commission
- **Roderick Tuliao**
 - Administrative Assistant, DOTAX, Office of Tax Research & Planning (TRP)

Commission Members

1. **Judith Chock** (CPA, Partner, SingerLewak LLP)
2. **Jessica Enos** (Owner, ABF Tax Advisors LLC)
3. **Mark Fukunaga** (Executive Chairman, Servco Pacific, Inc.)
4. **Stacey Katakura** (CPA, CEO & Founder, Accumulus)
5. **Jeffrey Ueoka** (Attorney, Wells Street Law, LLC)
6. **Jon Yasuda** (Tax Partner, KKDLY LLC)
7. **Jonathan White** (Legal Counsel, Multistate Tax Commission)

Public Comment

Public comment on issues not on the agenda will be considered for Commission's agenda at the next meeting

Written testimony can be emailed to the Commission at tax.research@hawaii.gov or mailed to Hawai'i Department of Taxation, Office of Tax Research & Planning, 830 Punchbowl Street, Room 220, Honolulu, HI 96813.

Oral testimony will be accepted via the chat function or verbally. Oral testimony can also be made in person using the courtesy terminal at the physical location (Tax Director's Conference Room, Princess Ruth Ke'elikōlani Building, 830 Punchbowl Street, Second Floor, Room 223, Honolulu, HI 96813).

Resolutions by Hawaii's Legislature

- House Concurrent Resolution No. 182 (HCR 182, 2025)
- Senate Resolution No. 19 S.D. 1 (SR 19, 2025)

TRC's Statutory Duties: Section 232E-3, Hawaii Revised Statutes

- §232E-3 Duties. The commission shall conduct a **systematic review of the State's tax structure, using such standards as equity and efficiency.**

Three Primary Principles of Sound Tax Policy: Equity, Efficiency, and Adequacy

Prior TRCs have been guided by three primary principles of sound tax policy

- **Equity** is a measurement of how tax burdens are distributed.
- **Efficiency** is a measure of the transaction costs of the tax system
- **Adequacy** is the ability of the tax system to produce enough revenue to fund government spending

House Concurrent Resolution No. 182

- Was adopted by both the Senate and House of Representatives of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2025
- Requests that the Commission consider certain goals for an equitable, efficient, and adequate tax policy structure in its deliberations

House Concurrent Resolution No. 182

Resolution requests **TRC to consider the following goals** for an equitable, efficient, and adequate tax policy structure:

1. State and local tax policy that maximizes benefit to Hawaii taxpayers when considering provisions of the federal Internal Revenue Code
2. Weighing the impact of federal policies and activity on Hawaii taxpayers
3. Ensuring non-residents and visitors contribute fairly while minimizing impacts on residents.

House Concurrent Resolution No. 182

Resolution requests **TRC to consider the following goals** for an equitable, efficient, and adequate tax policy structure:

4. Gauging the effectiveness and appropriateness of all tax credits and exemptions pursuant to Hawaii law
5. Evaluating the positive or negative features and impacts of one-time versus recurring tax revenue sources
6. Evaluating factors that affect revenue generation and the cost and effectiveness of enforcement activities

Senate Resolution No. 19 S.D. 1

- Was adopted by the Senate of the Thirty-Third Legislature of the State of Hawai‘i, Regular Session of 2025
- Requests the Commission to identify possible means by which the Hawai‘i Long-Term Care Financing Program can be implemented

Senate Resolution No. 19 S.D. 1

- Act 245, Session Laws of Hawaii (SLH) 2002 created the Hawaii Long-Term Care Financing Program (LTC Financing Program)
- However, the details of the program, including how to pay for it, has remained undetermined
- In 2003, the Legislature passed S.B. No. 1088, S.D. 2, H.D.2, C.D. 1 (2003), which proposed to establish a **Long-Term Care Income Tax Credit** for amounts paid for purchase of long-term care insurance but was vetoed by the Governor

Senate Resolution No. 19 S.D. 1

- Senate Resolution requests the Commission to identify possible means by which the Hawai‘i Long-Term Care Financing Program can be implemented including consideration of a revised version of the Long-Term Care Income Tax Credit proposed in S.B. No. 1088, S.D. 2, H.D.2, C.D. 1 (2003) and the findings listed in *Financing Long Term Care: A Report to the Hawaii State Legislature*, Executive Office on Aging, Office of the Governor, July 1991.

Senate Resolution No. 19 S.D. 1

- Senate Resolution requests the Commission to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2026.
- Report to the Legislature is requested to include the possible implementations, financing mechanisms, and costs that may be associated with implementing and administering the Long-Term Care Financing Program

TRC's Statutory Duties: Section 232E-3, Hawaii Revised Statutes

- §232E-3 Duties. Thirty days prior to the convening of the second regular session of the legislature after the members of the commission have been appointed, the commission shall submit to the legislature an evaluation of the State's tax structure and recommend revenue and tax policy

The Sunshine Law

Hawaii's Open Meetings Law (Part I of Chapter 92, HRS)

- **Purpose:**
 - Protect public's right to know
 - Open governmental process to public scrutiny and public participation

Summary: Sunshine Law Requirements

- TRC members are not allowed to discuss board business with each other outside of an official meeting, including by telephone, email, or social media
- TRC cannot consider meeting matters that were not included in its published agenda
- The TRC must have quorum to hold a meeting and make subject matter decisions (4 out of the 7 members)
- The agenda must be posted within six calendar days notice prior to the meeting
- TRC must accept testimony
- Minutes and/or recording are required

Permitted Interactions (§92-2.5)

- **Two members** can discuss board business privately (no quorum, no commitments).
- **Small groups (< quorum)** may:
 - Investigate topics (roles defined in public meeting; report back later).
 - Negotiate or present board-approved positions (must be assigned publicly).
- Officer selection discussions allowed privately.
- If **meeting canceled for lack of quorum**, members may hear testimony and presentations on the agenda but **cannot deliberate or decide until a later public meeting**.

Permitted Interactions: Informational Meetings

- **2-3 members (< quorum)** may attend informational meetings on board-related matters.
- Meeting **cannot** be organized **specifically for board members**.
- Members may discuss during the event, but **no commitments or votes**.
- At next board meeting:
 - **Report attendance and summarize matters discussed.**

Permitted Interactions (§92-2.5)

- **Circulation of Proposed Legislative Testimony (HRS § 92-2.5(h):**
 - If board already adopted a position: May circulate draft testimony for review/comments when no time for a meeting.
 - **Condition:** All drafts & communications posted online within 48 hours of circulation.
 - Best for drafts prepared by staff or one member, not multiple members collaborating.

Permitted Interactions (§92-2.5)

- **Discussions with the Governor (HRS § 92-2.5(f))**
 - One or more TRC members and Governor
 - May be private without limitation or subsequent reporting
- **Discussions with the Department Head (HRS § 92-2.5(g)):**
 - 2 or more TRC members and Department Head
 - Private without limitation
 - Discussion limited to matters specified in section 26-35, HRS

Sunshine Law Resources

- **The Sunshine Law** (at Hawai‘i Office of Information Practices (OIP) Website):
<https://oip.hawaii.gov/laws-rules-opinions/sunshine-law/>
- **Open Meetings: Guide to “The Sunshine Law” for State and County Boards:**
<https://oip.hawaii.gov/wp-content/uploads/2025/08/2025-Sunshine-GUIDE-Final.pdf>
- **SUNSHINE LAW BASIC TRAINING VIDEOS AND MATERIALS :**
<https://oip.hawaii.gov/sunshine-law-basic-training-videos-and-materials/>

Available Resources

- **DOTAX's Office of Tax Research & Planning (TRP)** will provide administrative and research support to TRC
- **TRP's Main Functions:**
 - Provides economic and statistical analysis and publishes annual reports utilizing DOTAX data.
 - Monitors and publishes various monthly tax collections reports.
 - Supports Council on Revenues (admin & technical).
 - Prepares reports on revenue impact of proposed tax laws.
 - Conducts economic analysis of the State's tax system. Publishes findings from annual reports and collaborated research.
 - Supports Tax Review Commission when in session.



Available Resources

- **The Legislature** appropriated \$200,000 to support the 2025-2027 TRC
- TRC may **commission research** and hire consultants.
- **TRC**
 - Reviews Commissioned Research
 - Makes Recommendations
 - Composes Report
 - Commissioned Research goes into Appendix

Available Resources

- 2020-2022 TRC: Relied on TRP Research by DOTAX-TRP Economist Baybars Karacaovali and hired Jonathan White (Rules Specialist, DOTAX at the time) as the writer of the Final TRC Report.
- Also sponsored “Hawai‘i Carbon Pricing Study: Additional Scenarios & Administrative Considerations” by Dr. Makena Coffman, Dr. Paul Bernstein, Maja Schjervheim, and Dr. Sumner La Croix

Available Resources

- 2015-2017 TRC: engaged PFM Group Consulting LLC to perform a systematic review of the State's tax structure, with particular emphasis on answering three key questions:
 - Who bears the burden of Hawaii's taxes (including how much is exported to visitors)?
 - What are the most effective ways to reform Hawaii's taxes to make them less regressive?
 - What are the best ways to generate more revenue through new and existing sources, and through improved compliance with Hawaii's tax laws?

Available Resources

- 2010-2012 TRC: also engaged PFM Group Consulting LLC to perform a systematic review of the State's tax structure, with particular emphasis on answering two key questions:
 - Will the current tax system provide sufficient revenues to meet near and long-term future needs for the 21st Century?
 - Are there alternate tax structures that could improve Hawaii's ability to generate sufficient revenues?

Available Resources

- Past TRC Reports on Tax Review Commission Webpage:

<https://tax.hawaii.gov/stats/tax-review-commission/>

Tax Review Commission 2025-2027 by meeting date		
Agenda	Minutes	Materials
January 15, 2026 at 2:00 P.M.		Senate Resolution SR19 SD1 House Concurrent Resolution HCR 182

Archived Commissions:

- [TRC 2020-2022](#)
- [TRC 2015-2017](#)
- [TRC 2010-2012](#)
- [TRC 2005-2007](#)
- [TRC 2003 and prior](#)

Page Last Updated: January 14, 2026

Available Resources

- Annual Statistical TRP Reports:

[https://tax.hawaii.gov
/stats/a5_1annual/](https://tax.hawaii.gov/stats/a5_1annual/)



Administrative Reports

[DOTAX Fiscal Year Report](#)

[Cash Economy Enforcement Act](#)

[Electronic Funds Transfer Penalties](#)

[Non-General Fund Reports](#)

[Administrative Created Accounts and Funds](#)

Statistical Reports

[Electronic Funds Transfer Penalties](#)

[Earned Income Tax Credit](#)

[Hawaii Business Income Statistics](#)

[Hawaii General Excise and Use Tax Exemptions](#)

[Hawaii Individual Income Tax Statistics](#)

[Tax Credits Claimed by Hawaii Taxpayers](#)



Proposed Presentation Topics

- General Overview of the Hawai‘i Tax System
- Recent Trends in State’s Tax Revenue Collections and Forecast of General Fund Revenues
- Summary of Recommendations Made by Past Tax Review Commissions, Subsequent Legislation, and Background Information

Proposed Presentation Topics

- Hawaii's Major Tax Types:
 - Individual Income Tax
 - General Excise & Use Tax (GET)
 - Transient Accommodations Tax (TAT)
 - Corporate Income Tax
- Tax Credits
- GET Exemptions

Mahalo nui loa

Baybars.Karacaovali@hawaii.gov



TAX REVIEW COMMISSION 2025-2027

First Meeting

January 15, 2026

ELECTION OF CHAIR AND VICE CHAIR OF THE COMMISSION

TAX REVIEW COMMISSION 2025-2027

First Meeting

January 15, 2026

SCHEDULING OF THE NEXT MEETING

TAX REVIEW COMMISSION 2025-2027

First Meeting

January 15, 2026

ADJOURNMENT