

PUBLIC NOTICE TO PROVIDERS OF PROFESSIONAL SERVICES

The Tax Review Commission (“Commission”) is charged under section 232 E-3 of the Hawai‘i Revised Statutes (HRS) with conducting a systematic review of Hawaii’s tax structure, using such standards as equity and efficiency. In accordance with section 103D-304, HRS, the Hawai‘i Department of Taxation (“Department”) is seeking qualified economists (GS 110) or accountants (GS 510) as listed in the United State Office of Personnel Management Qualifications Standards Handbook, or Section 466, HRS, who have a working knowledge of Hawaii’s tax structure and of Hawaii’s economy to prepare studies on Hawaii’s tax system. The total budget for the proposed studies is not expected to exceed \$200,000.00. The following two topics are being considered.

TOPIC 1: COMPETITIVENESS

Goal: Identification of opportunities to make Hawaii’s tax system more competitive while maintaining current revenue collections.

Must Include:

- An empirical analysis of current competitiveness of Hawaii’s tax code in supporting economic growth and per capita income growth versus those of other states. The analysis should evaluate not only overall economic performance, but also whether Hawaii’s tax structure promotes outcomes that are meaningful to residents, businesses, and long-term economic sustainability.
- Empirically supported tax policies, including working examples from other states, to support and encourage economic and income growth. The analysis should identify which practices have been effective elsewhere, explain the conditions under which they succeeded, and assess whether those approaches are realistically transferable or adaptable to Hawaii’s unique economic, geographic, and fiscal circumstances.
- An empirical analysis of current or potential tax policies that would limit economic and income growth. This should include consideration of structural features of the tax system, compliance burdens, administrative complexity, or other policy design elements that may discourage investment, business activity, workforce retention, or broader economic opportunities in Hawai‘i.
- Analysis of the cost and strategic value of select tax credits and incentives:
 - Including low-income housing tax credit, opportunity zone incentives, enterprise zone incentives, and the Hawai‘i Film Credit, and others at the selection of the applicant. The purpose of this analysis is to determine whether such tax incentives are producing measurable economic value, whether they are aligned with Hawaii’s policy goals, and whether their design could be improved to better support economic and income growth.
 - Proposals to better deploy the identified cost of these selected tax credits and incentives to encourage economic growth. Where feasible, the analysis should also consider whether those resources could be better targeted to support per capita

- income growth, affordability, workforce stability, housing production, or other outcomes of direct benefit to Hawai'i residents.
- A framework for evaluating the economic growth value of existing and proposed tax credits and incentives and corrective actions for ineffective tax credits and incentives (e.g., regular reviews, sunseting, etc.) The framework should be designed to assist policymakers in distinguishing between incentives that produce measurable public benefit and those that do not.

Must consider:

- Working within the constraint of maintaining current tax revenues. The analysis should recognize the State's need to preserve fiscal stability while identifying opportunities to improve competitiveness and support long-term economic growth.
- Stability and variety of current and proposed revenue source(s). Recommendations should take into account not only potential growth effects, but also whether proposed changes would create undue volatility, overreliance on narrow tax bases, or unintended long-term fiscal risk.
- Hawaii's balanced budget requirement. Recommendations should therefore be realistic, durable and mindful of budgetary constraints.
- Department of Taxation resources in administering tax collections. Recommendations should be sensitive to implementation challenges, enforcement burdens, data limitations, and the practical cost of administering more complex or highly specialized tax provisions.

TOPIC 2: TOURISM AND HAWAII'S TAXES

An empirical analysis of the following:

1. The impact of transient accommodations tax (TAT) rate changes on total visitors, total TAT collections, total visitor spending, and spending per visitor;
2. The combined impact of state TAT, county TAT, general excise tax, rental motor vehicle surcharge tax, and other visitor-related taxes and fees;
3. Comparative tax burden and tax rate effects compared with other tourism destinations; and
4. Potential impacts on local businesses, employment, Hawai'i income tax collections, resident quality of life, administration, compliance, and data limitations.

Applicants are invited to submit their qualifications on Topic 1, Topic 2, or both. If requested, the contractor shall make a presentation of the study to the Commission.

Contract Term

The initial term of the engagement will be from contract effective date through December 21, 2026. The contract award for the initial period will be on a fixed fee basis. The State shall have

the sole option to renew the contract at the hourly rate, within the original scope of work, for an additional period not to exceed six months.

Summary of Significant Dates:

Professional Services Solicitation Posting	May 22, 2026
Due Date to Submit Questions*	June 19, 2026
State’s Response to Questions*	June 26, 2026
Submissions Due Date	July 7, 2026
Anticipated Contract Date	July 15, 2026
Draft Report Due	October 1, 2026
Final Report Due	November 20, 2026

Firms and individuals interested in providing the professional services described above should submit the following information by July 7, 2026 at 9:00 am HST in PDF format via email to: Tax Research & Planning Officer, Baybars Karacaovali, PhD, at Tax.Research@hawaii.gov. Please indicate “Tax Review Commission” in the subject line of the email.

*All written questions must be submitted by June 19, 2026 at 4:30 p.m., via email at Tax.Research@hawaii.gov. Responses to such questions shall be provided via email from Tax.Research@hawaii.gov. Please indicate “Tax Review Commission” in the subject line of the email.

The following should be submitted and should include applicable information for any sub-contractors that may be engaged. Sub-contracting will be permitted with prior written approval from the Department.

- 1. Letter of Interest** – Include the applicant’s legal name, legal form (such as corporation, partnership, joint venture, limited liability company or sole proprietorship), state of incorporation (if applicable), business address, email address, telephone number, federal and state tax identification numbers, and proposed fixed fee for the studies.
- 2. Statement of Qualifications** – Include the applicant’s qualifications, expertise and experience. Include the same information for any sub-contractors that may be engaged.
- 3. References** – Include three (3) references that the Department may freely contact for the applicant and for any sub-contractors that may be engaged.
- 4. Detailed proposal** - Include the following:
 - a. Area of study (one of the studies detailed above, or a combination of the studies)
 - b. Report outline
 - c. Study methodology
- 5. Certificate of Vendor Compliance from Hawaii Compliance Express** – Please see below.

GENERAL INFORMATION

Professionals will be selected in accordance with section 103D-304, Hawai‘i Revised Statutes and section 3-122-Subchapter 7, Hawai‘i Administrative Rules, as amended. The selection criteria employed shall include the following:

1. Experience and professional qualifications relevant to the proposed study.
2. Past performance on projects of similar scope for public agencies or private industry, including corrective actions and other responses to notices of deficiencies.
3. Capacity to accomplish the work in the required time.
4. Working knowledge of Hawaii’s tax structure and of its economy.

Campaign contributions by State and County Contractors – Contractors are hereby notified of Section 11-355, HRS, which states that campaign contributions are prohibited from specified state or county government contractors during the term of the contract if the contractors are paid with funds appropriated by a legislative body. For more information, contact the Campaign Spending Commission at (808) 586-0285.

Contractor Responsibility for Subcontractors

The Subcontractors providing services shall meet the same service requirements and provide the same quality of service required of the Contractor and in a timely manner. No subcontract shall relieve the Contractor of its responsibilities for the Services it provides. The Contractor shall manage the quality and performance, project management and schedules, and timely start and completion of services performed by each of its Subcontractors. The Contractor shall be solely responsible and accountable for the completion of all Services it has subcontracted.

Removal of Subcontractors

In addition to any rights the State has under Law, the State shall have the right to require the removal of a Subcontractor or any of its personnel providing or supporting services for a good cause. In such a case, the State shall specify the deadline for such removal after consultation with the applicable Contractor. A Subcontractor proposed by the Contractor to replace the removed Subcontractor shall be subject to the approval of the State.

Vendor Compliance

Hawaii Compliance Express (HCE)

Vendors may use the HCE, which is an electronic system that allows vendors/contractors/service providers conducting business with the State to quickly and easily demonstrate compliance with applicable laws. It is an online system that replaces the necessity of obtaining paper compliance certificates from the Department of Taxation, Federal Internal Revenue Service; Department of Labor and Industrial Relations, and Department of Commerce and Consumer Affairs.

Timely Registration on HCE

Vendors/contractors/service providers intending to use the HCE to demonstrate compliance are advised to register on HCE as soon as possible at <https://vendors.ehawaii.gov>. The annual registration fee is \$12.00 and the 'Certificate of Vendor Compliance' is accepted for the execution of a contract and final payment. If a vendor/contractor/service provider is not compliant on HCE at the time of award, the Offeror shall not receive the award.

Verification of Compliance on the HCE

Prior to awarding this contract, the State shall verify compliance of the Contractor(s).

Vendor Compliance - Documents

Vendors not utilizing the HCE to demonstrate compliance shall provide certificates to the Department as instructed below. All certificates must be valid on the date it is received by the Department. Timely applications for all applicable clearances are the responsibility of the Offeror.

HRS Chapter 237 Tax Clearance Requirement for Award

Pursuant to Section 103D-328, HRS, the Contractor shall be required to submit a tax clearance certificate issued by the Department and the Internal Revenue Service (IRS). Tax clearance certificates will have a scannable QR code that can be validated. This enables tax clearance certificates to be processed electronically and printed by the taxpayer. The QR code can be scanned using a web enabled device, such as a smart phone, to confirm authenticity and validity. A tax clearance certificate may be revoked by the Department when the taxpayer falls out of tax compliance.

The Tax Clearance Application, Form A-6, and its completion and filing instructions, are available on the Department's website: [44Thttp://tax.hawaii.gov/forms/44T](http://tax.hawaii.gov/forms/44T).

HRS Chapters 383 (Unemployment Insurance), 386 (Workers' Compensation), 392 (Temporary Disability Insurance), and 393 (Prepaid Health Care) requirements for award

Pursuant to Section 103D-310(c), HRS, the Contractor shall be required to submit a certificate of compliance issued by the Hawaii State Department of Labor and Industrial Relations (DLIR). The certificate is valid for six (6) months from the date of issue. A photocopy of the certificate is acceptable to the Department.

The DLIR Form LIR#27 Application for Certificate of Compliance with Section 3-122-112, HAR, and its filing instructions are available on the DLIR website: [44Thttp://labor.hawaii.gov/forms/44T](http://labor.hawaii.gov/forms/44T).