

TAX REVIEW COMMISSION

MINUTES OF THE TENTH MEETING OF THE
TAX REVIEW COMMISSION
HELD AT 830 PUNCHBOWL STREET, ROOM 221
IN THE CITY AND COUNTY OF HONOLULU
STATE OF HAWAII, ON TUESDAY, MARCH 7, 2006

The Commissioners of the Tax Review Commission met at the Department of Taxation, Director Conference Room, in the City and County of Honolulu, State of Hawaii, on Tuesday, March 7, 2006.

Members Present: Chair Isaac Choy, Manoa Consulting Group, LLC CPA's
Vice-Chair Ronald Heller, Torkildson Katz Fonseca Moore &
Hetherington, AAL, ALC
Christopher Grandy, UH Manoa, Public Administration Program
John Roberts, Niwao & Roberts, CPA's
Carolyn Ching, Carolyn L. Ching CPA
Lon Okada, Hawaiian Electric Industries, Inc.

Staff: Tu Duc Pham, Donald Rousslang, Josephine Malama

Other: Diane Erickson
Tom Smyth, DBEDT
Lowell Kalapa
Peter Fritz
Titin Liem, DOTAX
Johnnel Nakamura, DOTAX
Cathy Tokishi, DOTAX
Robert Hoffman, DOTAX

Chairman Choy announced he was just notified by legal counsel there is a law that states we cannot open the proposals in public. He did not want to go into executive session for this but will have to comply with the law. He apologized to the public that they would have to leave when we go into executive session.

CALL TO ORDER

Chairman Isaac Choy called the meeting to order at 10:05 a.m. with a full quorum present. He asked to amend the agenda so we could go into executive session to discuss the proposals for external studies.

It was moved by Ms. Ching and seconded by Mr. Roberts to amend the agenda to add executive session before item #3. The motion carried with no opposition.

APPROVAL OF FEBRUARY 28, 2006 MEETING MINUTES

It was moved by Mr. Heller and seconded by Mr. Okada to accept the minutes of February 28, 2006. The motion was carried unanimously.

At this time, a motion was made for the Tax Review Commission to go into executive session.

The meeting reconvened at 10:50 a.m.

REPORT FROM SUBCOMMITTEES ON PROPOSALS FOR EXTERNAL STUDIES

The following were reported.

Study 1: Economic, Revenue and Distribution of General Excise and Use Taxes

Dr. Grandy reported that the subcommittee recommended the acceptance of Dr. William Fox's proposal, subject to our communicating with him about the possibility of including aspects that he did not address in his proposal and the half percent surcharge. Dr. Grandy was assigned to talk to Dr. Fox for clarification. Mr. Heller added we need to confirm with Dr. Fox that his price is a fixed price and not an estimate.

Study 2: Cost and Benefit Analysis of Selected Tax Credits

Dr. Grandy reported that the subcommittee recommended the acceptance of Dr. Marcia Sakai's proposal, subject to our communicating with her about the possibility of expanding the elements in the RFP, which she did not address in her proposal. Dr. Grandy was assigned to talk to Dr. Sakai.

Study 3: Economic Effects of Certain Possible Changes in Exemptions from the General Excise Tax

The Chairman reported that the subcommittee recommended the acceptance of Dr. William Fox's proposal, subject to Dr. Grandy asking him for clarification on Study 1 and Study 3.

Study 4: Effects of Eliminating or Adjusting Corporate, Franchise, Insurance and Personal Income Taxes

The Chairman reported there was no proposal for Study 4.

AGENDA ITEMS FOR NEXT MEETING

The next meeting of the Tax Review Commission will be on Wednesday, March 15, 2006 at 10:00 a.m. in the Tax Director Conference Room. The agenda item will be to vote on the proposals for external studies.

ADJOURNMENT

It was moved by Mr. Okada and seconded by Mr. Roberts to adjourn the meeting at 11:00 a.m. The motion was carried unanimously.