

**NOTICE AND AGENDA
FOR 2005-2007 TAX REVIEW COMMISSION MEETING**

**PRINCESS RUTH KEELIKOLANI BUILDING
DEPARTMENT OF TAXATION
DIRECTOR'S CONFERENCE ROOM 221**

**TUESDAY, APRIL 25, 2006
10:00 A.M.**

A G E N D A

1. CALL TO ORDER

2. APPROVE MINUTES OF MARCH 15, 2006 MEETING

3. REPORT ON STATUS OF CONTRACTS FOR EXTERNAL STUDIES

Contracts are being finalized, as directed by the TRC, for Dr. William Fox and Dr. Marcia Sakai.

4. REPORT ON ADDITIONAL SUGGESTIONS RECEIVED FROM PUBLIC

5. REPORT ON SENATE CONCURRENT RESOLUTION NO. 191

The resolution asks the TRC to assist other city and county officials in conducting a "holistic" review of Hawaii's State and county tax structures, paying particular attention to the real property taxes, with the goal of determining the effects on taxpayers in different income categories and of determining aspects of the taxes that present obstacles to equity.

6. REPORT ON STATUS OF WORK ON RECOMMENDATIONS OF PREVIOUS COMMISSIONS

7. REPORT ON STATUS OF WORK ON OTHER INTERNAL STUDIES

- a) Review of the progressive or regressive nature of overall taxes.
- b) Study on "tax adequacy" (how tax collections change automatically as income grows).
- c) Effects of an earned income tax credit.
- d) Effects of increasing the standard deduction.
- e) Effects of expanding the income tax brackets.

8. BEGIN EVALUATING SUGGESTIONS FROM THE PUBLIC

The following list consists of items 18, 19, 40, 41, 42, 20, 22, 24, 25, 26 and 27 on the list of suggestions to the Commission. Items 19, 40, 41 and 42 all deal with HARPTA. Suggestion 41 is merely a specific form of suggestion 19.

- a) Conform Hawaii's statute of limitations on collections to the ten-year federal limit.
- b) Enforce income tax compliance for HARPTA non-resident aliens – make sure they file an income tax return. (This suggestion also covers the suggestion submitted in the last batch – i.e., to deny HARPTA approval if the taxpayer fails to file a year-end return.)
- c) Require the facilitator in a 1031 exchange to remit 5% of any shortfall of the amount exchanged.
- d) Revise Hawaii's adoption of IRC 1031 to require that the qualified replacement property be situated in the State of Hawaii.
- e) Take measures to force compliance by out-of-state lessors.
- f) The three-year statute of limitations on assessment of the GET should not run from the filing of the annual reconciliation GET return (Form G-49).
- g) Prohibit reopening expired statutes of limitations to assess income tax and GET.
- g) Make public private rulings, advice and settlements made by the Department.
- h) Make public the settlements of tax disputes.
- i) Attorney General opinions and memos should be made public on a redacted basis

9. CHOOSE LIST OF SUGGESTIONS FROM THE PUBLIC TO BE EVALUATED AT THE NEXT MEETING

10. DISCUSS INTERACTION OF COMMISSION'S WORK WITH CURRENT LEGISLATIVE PROPOSALS

(Does the Commission want to consider some proposals in the same vein as they consider suggestions from the public?)

11. LIST AGENDA ITEMS FOR THE NEXT MEETING

12. ADJOURNMENT