

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

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

**TUESDAY, JUNE 27, 2006
9:00 A.M. to 12:00 Noon**

A G E N D A

1. CALL TO ORDER

2. APPROVE MINUTES OF MAY 30, 2006 MEETING

3. ANNOUNCEMENT – TOPICS FOR FUTURE MEETINGS

- a) At its meeting in August, the TRC will consider whether Hawaii should adopt the Streamlined Sales and Use Tax Agreement.
- b) At its meeting in September, the TRC will provide the results of its work on the internal study on recommendations made by past Commissions.
- c) The TRC will evaluate the results from its external studies at the meetings to be held in August (after the preliminary reports are due) and October (after the final reports are due).

4. DISCUSS THE INTERIM REPORT ON THE INTERNAL STUDY ON "TAX ADEQUACY"

5. CONTINUE EVALUATING SUGGESTIONS FROM THE PUBLIC

At the last meeting, the Commission considered items 20, 22, 26, 27, 28, 40, 42, and items 29 through 36 on the list of suggestions to the Commission. Items 22, 27, 28, 32, 33, and 34 were rejected. Items 29, 30, and 40 were accepted. Item 20 was changed, to recommend that the Department of Taxation do more education and enforcement to encourage greater compliance by our-of-state lessors. Item 26 was changed, to recommend that the Department of Taxation examine the existing statutes and consider ways to make its rulings public for the benefit of taxpayers generally. It was decided that no vote would be taken on item 31, since existing mediation was considered to be adequate. Also, no vote was taken on item 36, as the problem has already been solved. Items 35 and 42 were deferred.

At this meeting, the Commission will consider the items deferred from the last meeting, and in addition, the remaining suggestions for changes in administration of tax laws, items 45, 46, 47, 48, 51, and 52. The Commission will then consider the substantive suggestions on its list for which a decision may be

made without waiting for internal or external studies that the Commission has requested, namely items 23, 37 and 44, 38, and 49.

35) The Department of Taxation should review the certification process for the high-tech credit – it now comes in the middle of the year.

42) Revise Hawaii's adoption of IRC 1031 to require that the qualified replacement property be situated in the State of Hawaii.

45) The new ITPS Online Transaction List software system does not provide important data needed by practitioners and taxpayers regarding the breakdown of each tax payment made.

46) The department of Taxation should be able to retrieve and correct the misapplication of payment without the document locator number (DLN).

47) Make the new Hawaii computerized forms more readable so practitioners and taxpayers can identify and correct error.

48) Hawaii should consider legislation relating to "tax deposits" similar to IRS code section 6603 and California Revenue Taxation code section 19041.5

51) Require all GET, TAT and Rental Motor Vehicle (RMV) taxpayers and all employers to file their tax returns (whether monthly, quarterly or semi-annually) on the scheduled deadlines with or without their payments.

52) Match, on a monthly basis, the Hawaii Tax I.D. number for all GET, TAT, and RMV taxpayers and all employers to ascertain whether the necessary forms or payments are being made on a current basis.

23) Reduce or eliminate the State's gas tax for a given period of time.

37 and 44) Examine differences in the tax treatment of pensions that are funded by employer vs. employee contributions. Pension income is not applied even handedly as it distinguishes unfairly between one type of retirement income and another.

38) Adopt withholding taxes for nonresident partners of Hawaii partnerships.

49) The Department of Taxation should consider focusing on reducing the "Tax Gap."

6. LIST AGENDA ITEMS FOR THE NEXT MEETING

7. ADJOURN