

TAX REVIEW COMMISSION

**MINUTES FOR THE EIGHTH MEETING OF THE
TAX REVIEW COMMISSION
HELD AT 830 PUNCHBOWL STREET
DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS ROOM 310-313
IN THE CITY AND COUNTY OF HONOLULU
STATE OF HAWAII, ON MONDAY, JANUARY 23, 2017 AT 1:00 PM**

The Commissioners of the Tax Review Commission (TRC) met at the Department of Labor & Industrial Relations Conference Rooms in the City and County of Honolulu, State of Hawaii, on Monday, January 23, 2017.

Members Present:

Colleen Takamura, Chair
Vaughn Cook, Vice-Chair
William Pieper II
Nalani Kaina
John Knox
Raymond Blouin

Member Absent:

Dawn Lippert

Staff:

Ted Shiraishi, Seth Colby, Titin Sakata and Noe Kaawa

Others:

Randall Nishiyama, Department of the Attorney General
Tom Yamachika, Tax Foundation
Peter Fritz
Jana Moore, CAN
Sara DiBella, CAN

CALL TO ORDER:

Chair Takamura called the meeting to order at 1:02 pm.

APPROVAL OF MINUTES FROM PREVIOUS MEETING:

Chair Takamura said the first order of business was the approval of the minutes from the December 5, 2016 meeting and asked if there was any motion to amend or approve the minutes. Commissioner Knox moved the motion to approve the minutes with edits of December 5, 2016, and Commissioner Cook seconded the motion. The motion carried unanimously.

Chair Takamura said approval of the minutes from the December 13, 2016 meeting has been deferred to the next meeting.

WRITTEN COMMENTS ON HAWAII'S TAX STRUCTURE:

Chair Takamura said there were no written comments to the TRC.

PUBLIC COMMENTS ON HAWAII'S TAX STRUCTURE:

Mr. Fritz said he had a comment on procedure and reading of the agenda information from the Office of Information Practices (OIP), which said an executive session, will include the specific matters to be discussed and a statement that the board intends to go into executive session. Even though the public will not be attending the executive session, members of the public still have the right to submit testimony on the item, and thus the board should do its best to give the public enough detail to allow meaningful public testimony.

Every single meeting the TRC went into an executive session, the statement on the agenda has been vague that it did not make sense and did not provide sufficient information. He has raised this issue with OIP.

Chair Takamura acknowledged Mr. Fritz's comment and was going to refer the matter to Mr. Nishiyama for response.

EXECUTIVE SESSION-To consult with the commission's attorney on questions or issues regarding the commission's powers, duties, privileges, immunities, and liabilities pursuant to Section 92-5(A)(4), HRS:

Chair Takamura said the TRC would not be going into Executive Session.

DISCUSSION AND ACTION ON THE SOLICITATION FOR QUALIFIED PROFESSIONALS WHO HAVE A WORKING KNOWLEDGE OF HAWAII'S TAX STRUCTURE AND OF HAWAII'S ECONOMY TO PREPARE STUDIES OF HAWAII'S TAX SYSTEM:

Chair Takamura said the contract has been negotiated and was in the process of being signed. Maybe the TRC would like to discuss what could be expected of each member once the contract was signed. There was a timetable set between the vendor and the TRC. Hopefully, within the first week of February, 2017 the contract would be signed followed by interviews with TRC members taking place in week two of February, 2017.

Mrs. Sakata said to get the project started and to make sure the vendor could meet the deadline, they suggested interviews since each TRC member wanted to speak with them. The vendor also wanted to get input and direction as to what each TRC member expected from the vendor to focus on. The scope of the study was outlined in the proposal and the timeline was a suggestion by DoTAX to ensure the contract was on time and on track. The first week in March, 2017 was an in person presentation by the vendor on their project, strategy and action plan to the TRC and to the public.

Chair Takamura asked if it was possible for the vendor to provide a questionnaire for each TRC member to write responses and be prepared prior to their phone interviews.

Mrs. Sakata said she could as the vendor, but mentioned that the interview would be like a dialogue.

Chair Takamura asked for the meeting in March, 2017 was the vendor coming to do a presentation on their plan of action.

Mrs. Sakata said the vendor was receptive and opened to the TRCs directions to them. The TRC could tell the vendor what was expected from them.

Mr. Shiraishi said from the previous meeting that was the wish of the TRC, to have the vendor come and present their strategy plan in getting the project done. This was part of how the vendor was responding to what the TRC wanted. So, if there were specific things the TRC wanted or didn't want, DoTAX could follow up with the vendor. As of right now, the presentation to the TRC would be on how the vendor was going to approach the topics.

Chair Takamura said according to the tentative time schedule, the draft report was due the first week of August 2017, then there would be a vendor presentation of their report and the final report was due the first week of September 2017.

Chair Takamura asked if the vendor would be contacting TRC members individually and asked if all TRC members updated their contact information with DoTAX.

Mr. Shiraishi said with regards to the phone interviews, DoTAX would follow up with the vendor on the logistics and topic questions as best as possible and email that information to the TRC.

Commissioner Kaina said she was not available the second week in February 2017 and was the vendor expecting to do interviews during that time only.

Mr. Shiraishi said the phone interviews would be flexible on the vendor's side. DoTAX did not make contact to finalize the actual time, but felt scheduling would be open.

DISCUSSION AND ACTION ON POTENTIAL ADDITIONAL STUDIES BY THE COMMISSION:

Chair Takamura said she had Mrs. Sakata prepare a handout that listed prior TRC studies done and a list of possible studies discussed by the TRC. With a budget of \$250,000 less \$146,000 for the contract study less \$25,000 for travel and some miscellaneous expenses left a balance of \$76,000. She was not sure how much help DoTAX could be with assisting the TRC with writing their report, therefore, the TRC may need to appropriate funds to hire a writer.

Mr. Shiraishi introduced Seth Colby, the new DoTAX Tax Research and Planning Officer and apologized for not introducing him earlier, but felt he may be able to provide some important insights to the TRC and their additional studies.

Mr. Colby said to give the TRC the basics of what the Tax Research and Planning Office did. The office did scoring of potential legislation, analysis and calculations of the current tax system; revenue intake. They have a good amount of analytical capabilities and more than that; have a lot of access to data. The TRP could be a conduit in which the TRC could access data. The TRP Office has their reports to offer and produce, but as his role of the TRP Officer, would like the TRP Office to have an active role in providing an economic and public finance perspective to help the TRC when thinking of these issues going forward in terms of what taxes and how to evaluate them and how to ensure the use of analytics to understand the equitable distribution of the tax system and ways to make it as efficient as possible.

He has read all the past TRC reports and found them to be good, but in his opinion, this was a once in every five year timeframe to propose new ideas and think about things. One idea he thinks was already being looked at was property tax issue. If the TRC were to look at other states, very few have large income-social fiscal burden for education with most local governments taking a much more active role in providing for their state education systems with revenues generated from property taxes. Here in Hawaii the property taxes were relatively low and one idea that maybe worth exploring could be to potentially use the property taxes in more dynamic ways in the future like shift more of the burden to the counties for education or do other things, and tends to be a pretty efficient tax especially since Hawaii's main and biggest asset was land and location.

Commissioner Knox said to Mr. Colby that he remembers having a conversation with a legislative committee chair and he raised the possibility of looking at property taxes. The response he got was "that would be very interesting and would probably consume everything the TRC could do."

Mr. Colby said that there was a lot of research already out there on that issue and a there was a lot of ideas on how to make it equitable to ensure that it won't have big impacts without pricing people out of their homes or imposing any new taxes. Other states do it, like Vermont earns thirty-three percent of their tax revenue through property taxes and thought the data was there since the counties levy property taxes here and it would be interesting particularly since the Department of Business, Economic Development & Tourism (DBEDT) was already doing a study on this issue, as most of everyone there had the experience in dealing with the legislature and he was a new person trying to bring in new ideas.

Commissioner Cook asked Commissioner Knox was the comment from the legislator saying it was likely be a hot topic and that's why it would consume most of the TRCs time and sort of be a lightning rod type issue.

Commissioner Knox said he believed so. Some of the very first Hawai'i TRCs, as part of reviewing the overall tax system, also reviewed the counties tax system. However, recent TRCs have looked only at the state level and not tried to get into the counties. So, there was "ancient" precedent for it, but not recent precedent for it. Thus it would be a political big change for a commission of the state, not specifically acting on a legislative request but on its own, to decide to look at what the counties were doing, and he predicted that the counties would question their lack of representation within that commission.

Commissioner Cook said that could be a potential mechanism for shifting the burden from the state to the counties but it would be up to the legislators to do that. However, if that type of study was done, possibility of what could happen would be that the state would reduce its tax intake and mandate that the counties increase their role in the education system. That would be a big change going from a state education system to the counties education system.

Commissioner Knox said shifting education to the counties would be a constitutional issue, a huge charter issue and raise local control issues.

Mr. Colby said he needed to be clear that that was not what he was proposing earlier. The idea was not to think or have this TRC think about the destination of the revenue. One of the TRC mandates was to come up with alternative sources of revenue that were as efficient as possible. If you look at the new state kind of like the legislatures and the ideas like fee for service like toll roads; charging for public goods and what really hasn't been discussed as much was property tax.

If the TRC was thinking about new things, those were the two things to be explored. Other areas like GET could be tweaked by raising or lowering rates and there's the individual income tax which was sixty-six percent of all revenue for the state. If the TRC was thinking about mechanisms, they should be thinking about alternative mechanisms, which were one of the mandates, and the focus should be on revenue and not focus on the destination of that revenue.

Commissioner Cook said he was glad to have Mr. Colby on board, and asked as far as the TRP Office, whom in the past had provided quite a bit support by doing studies or updating studies, and wanted to know if he had a chance to see the handout that Mrs. Sakata compiled of past TRC studies and potential studies that could be done. Going back to the 2005 and 2010 reports, there were some interesting and helpful studies done by staff like the study from 2005 on the question "Is Hawaii's Tax Structure Adequate?" and a similar study in 2010, the study done by Mrs. Sakata on the Effects of Eliminating Income Tax for Those below Poverty Level and a 2009 study on the Implication of Replacing Hawaii's Income Tax with an Increase in General Excise Tax. He asked Mr. Colby if the TRP Office was able to update past studies if requested.

Mr. Colby said he and his staff were all recently hired with DoTAX, were working on building their up their capabilities and was in the legislative session until late May, 2017. If the TRC needed those updated studies by August, 2017 was a quick turnaround time. His honest assessment of how new the TRP Office staff was, by the next iteration, they would be very open to examining and updating studies, but right now they were just beginning to get their feet under themselves. He said he could review those studies and give the TRC an assessment of what TRP could provide. Again, this could be viewed as a rare opportunity for him to dialogue at the state level on these issues and was happy to contribute, but he just needs to take a more in-depth look at the current capabilities of DoTAX in producing those reports and looking at the timeline.

Chair Takamura said the TRC has always had a lot of support from DoTAX and understood from the beginning that the TRC was not able to get staff support to provide reports or with updating studies. Therefore, if TRP Office was able to update studies, that would be terrific.

Commissioner Blouin said the TRC really wanted to make a difference and if TRP Office was able to help, the TRC has a sense of urgency and to help TRP with that direction. The two areas of importance to the TRC was GET exemptions and additional revenues sources. Perhaps from now until the next meeting as you review the information that was available with focus on those two topics first and share with the TRC whether there would be any research project TRP could help with.

Commissioner Knox said he concurred. Even though the Commission's early straw poll indicated GET exemptions was number one for the TRC, we didn't put it in our scope because the TRC considered doing something above and beyond the contracted "big study" to consider GET on our own or with remaining resources. He wanted to additionally point out that there has

been much more public attention to the question of revenue adequacy and the legislature has more demands on them, yet the revenues recently were not coming in as expected. So questions about GET credits link to the issues of how we would get more revenue.

Commissioner Blouin said with the DBEDT study on property tax, asked Mr. Colby if it was possible for him to get information like objective, findings and when this study was to be done, and brief the TRC on his findings.

Mr. Colby said there seems to be so many questions here. First, what was the vendor going to do? Second, what was the TRC was going to do with \$76,000? Last, how could the TRP Office assist the TRC? He wanted to assure the TRC that all of those complement one another and there were very little duplicates, and the TRP Office was there.

Chair Takamura said she knew that TRP would have a lot of statistics and would get more related to the GET exemptions and Mr. Shiraishi has also mentioned before that statistical information would likely be available beginning February 2017 and statistical information for the annual return in May, 2017 for 2016.

Mr. Shiraishi said that was what DoTAX was hoping for since the deadline for filing the monthly return was last Friday and was not processing those forms yet, but if it all works out DoTAX would have its first round of incomplete data. For the annual return, that was the predicted timeline.

Chair Takamura said maybe the TRC could get some kind of feedback from DoTAX on how thing were going to see the trends on what kind of exemptions were taken and what the numbers looked like.

Mr. Shiraishi said DoTAX already has a statutory mandate to report to the legislature regarding GET exemptions outside of the TRC. However, DoTAX has not been able to meet that mandate due to the lack of data. The department's first report was due before the current legislative session began. DoTAX hopes by December 2017, to be able to compile enough data to furnish a report to the legislature and would furnish the TRC with data the department was comfortable providing.

Chair Takamura said maybe discussion for any other studies or focus areas should continue since the TRC did list down studies earlier or add other things to look at. The TRC should put some ideas out there of what we should be focusing on.

Commissioner Cook said he was looking back at some of the past TRC recommendations and the recommendation from the 2005 TRC was to continue to study and evaluate the option of eliminating the Hawaii individual income tax and it should eliminate the Hawaii corporate income tax. He did review the statistics from a 2016 report by DoTAX and it appeared that corporate income tax generated about two percent of the total revenues for the state. He asked if anyone knew the history or knew of proposed legislation that was the result of this recommendation. He would be interested to see a study that would provide the revenue impacts and if there would be any potential positive impact for the state if corporate income tax was eliminated.

What's also drove his interest as he read studies provided by the Tax Foundation that had Hawaii's ranking of states to do business in as fairly low. He thought of what would generate more revenue for the state, what could possibly be a real shot in the arm for the economy could potentially be a positive impact on companies deciding to relocate their businesses to Hawaii, but what would the cost be? It seemed to be fairly minimal at two percent or less of the state's revenue, reduced complexity and potential time.

Mrs. Sakata said there were legislative proposals to eliminate the corporate income tax but those bills died fairly quickly because of the price tag. DoTAX would only price it from static that told you how much revenue the state would lose and the department does not do the dynamics of the impact of the economy on the after effect from eliminating the corporate income tax.

In regard to any studies indicating a high corporate tax rate for Hawai'i relative to other states, Commissioner Knox said he was a skeptic of all those government tax and expenditure statistics based only on the state level, versus state and counties combined, because Hawaii's governmental structure is so different from other states. Hawaii is a difficult place to do business more because of issues related to regulations and a discouragingly high cost of living, and he thought blaming the corporate income tax status was misleading and a minor factor in terms of the business climate.

Commissioner Cook said was prior legislation based on the recommendation from a prior TRC?

Mrs. Sakata said she wasn't sure, but could have been.

Mr. Fritz said bills to eliminate the income tax or make changes were often introduced that never went anywhere. For example, there was a bill introduced in the current session proposing to change the tax structure to provide relief to lower income taxpayers but leave the tax rates the same for the top one percent. Another bill was introduced proposing to follow Colorado's Sales Tax Internet Laws which the Supreme Court decided to let a lower court's ruling stand allowed the law to move forward that did find any violation of the commerce clause.

Many of the legislative items being discussed today were covered already but not sure what was in the administrative package yet and there were a few more days to introduce bills. Commissioner Cook said he thought it was an interesting topic while the legislature may be limited in terms of the dynamics of it felt the TRC could study this topic of interest with different considerations of adequacy, simplification and hopefully neutrality since it has been introduced in the past.

Commissioner Kaina said she was trying to get a sense of what the TRC was trying to do. Since there's talk about new studies and trying to come up with topics, so was there a notion for the TRC to use the remaining \$76,000 to hire someone or was the TRC going to hold hearings to get information to include that in the study. What was the purpose of discussion in terms of where was the TRC trying to go in relation to our bigger picture and plan? She felt like the TRC has had these conversations numerous times and wanted the TRC to move forward with actual information without putting DoTAX staff on the spot to provide information immediately when they haven't had adequate time.

There has been constant discussion about additional studies and was not sure who has the time to do all the work. If Chair Takamura was hoping to do was select a number of topics, schedule future meetings, ask DoTAX or knowledgeable members of the community to do presentations on particular topic and ask for community input; that was fine but every time she heard study that was money the TRC does not have.

Chair Takamura said she wanted to know what the TRC wanted. There were eight items listed that was not being looked, and from the start to where we were now, ideas had changed like the interest in corporate income tax. She felt the TRC should select the top five topics to study. Of those topics, how many topics could DoTAX report on, how many topic reports need to be sourced out and what topics should the TRC hold public hearings on. Aside for the big study, she felt that the TRC should at least study five other topics that would make for a more complete report to the legislature.

Commissioner Kaina said again was Chair Takamura thinking using the remaining \$76,000 to do more studies. One of the things that have become clear was that DoTAX had limited ability to assist the TRC and may not be able to assist with the actual writing of our TRC report; therefore, we may have to contract a writer. Again, she was concerned about resources, we've discussed different ideas a number of times and would like the TRC to narrow the focus. She wanted to participate and be active but the TRC keeps having the same conversations. She would like to move forward and maybe have people do presentations that would give us substantial information other than surmising on the things we think about. As I said, I'm not an expert and would like to find someone who may be an expert sitting in front of the TRC to talk to us about some of these things.

Chair Takamura said until the TRC could figure out exactly what topics were going to look at.

Commissioner Kaina said make decisions instead of this back and forth discussions. Figure it out and come out of this meeting with what those things would be and let's get there.

Commissioner Knox said his sense from previous discussions was the TRC made a loose commitment to study the GET exemptions. No decision was made exactly what to study, nor was there clarity if that would be a paid study or input from experts.

Commissioner Kaina said she understood, but felt like the TRC needed to make decisions instead of having the same conversation so many times and she was at the point of wanting to know what was going to be done. She keeps hearing about studies, but felt the TRC does not have the money for another study, and should rely on community participation and presentations from studies that were already out there whether it was GET or income tax credits or topics from the list the TRC had then pick, schedule and let's do it. These discussions had become frustrating.

Commissioner Knox said if in fact the first decision was whether to address GET by a contracted study or by the TRC's own process to get direct input from local stakeholders and experts, in his opinion, a TRC using its own process to get input made sense only if that process was organized by someone with a great deal of expertise. Thus, this takes us back to Chair Takamura's questions about how much assistance the TRC could get from DoTAX. He looked at what other state commissions have done – and when they had approaches that involved bringing in experts from the community, it was highly regimented, well organized, and had a lot of staff assistance. If the TRC does not have that type of capability, then what they would be left with was what the TRC could get done by contract. He asked for a reminder of how much money the TRC had and what were the purposes, and if there was enough money for such a GET study after, one, the large study already being contracted; two, a writer; and, three, travel expenses. What was left, would that be adequate enough for a GET study?

Chair Takamura said from information she received from Mrs. Sakata regarding the cost of the report from Dr. Fox on the Adequacy of Taxes was \$30,000.

Mrs. Sakata said Dr. Fox's report only focused on specific GET exemptions and updated some of his previous study on taxing sales on the internet. She could not estimate the cost of a specific type study and in the case of Dr. Fox; it was just an update to his previous study and could have been discounted. However, she asked the TRC when they talk about the GET exemptions, how much information would you like to know other than what they may have read from Dr. Rousslang's study " Tax Expenditures in Paradise " which tried to categorized the GET exemptions. Beyond that, what more did the TRC want?

Chair Takamura said may be using that report as a basis and adding in some statistics.

Mr. Shiraishi said DoTAX would not be comfortable with doing that for a study based on one set data of periodic filings. He felt the information was already out there and he understood that it sounded good since GET is the biggest revenue for the state but the categories were what they were in Dr. Rousslang's report and another analyst may not agree, but if the TRC wanted DoTAX to do a presentation on that, it could be arranged if it would help them get a better understanding of that topic.

He had one recommendation for the TRC if they wanted another study and that was to pick one topic. He didn't the objective of the TRC was to cover as many topics as possible and if the TRC wanted to make a difference, they needed to be specific. So when you asked Mrs. Sakata for an estimated cost of a study, that was a difficult question that DoTAX couldn't have answered.

Chair Takamura said she needed to know from the list, what topic the TRC would like to look at. Would the TRC like to commission a study on one topic from the list and maybe have DoTAX provide statistics on GET and maybe update Dr. Rousslang's study on GET exemptions?

Mr. Colby said he read it and adding another year or two of data wouldn't add value to it. What he provides was an analytical framework for thinking about GET and what's it doing or what it's not doing.

Mr. Shiraishi said that Dr. Rousslang's study was just a road map to understanding why certain exemptions or deductions were and why some shouldn't be touched and those there that were from straight lobbying.

Mr. Colby asked what the TRC was trying to understand about the GET exemptions; was it the way it affects the competitiveness of the economy. That was a huge question that the TRC would not be able to answer for \$50,000 unless there was a University of Hawaii (UH) professor that has spent the last fifteen years studying the data. There were just a lot of assumptions and dynamics on this topic.

Commissioner Blouin said he agreed that the TRC should not be spending too much more time adding to the study but if there were additional data associated with GET and additional revenue sources the TRC may not be aware of, would Mr. Colby report that information to the TRC. He felt the TRC needed to be on the cutting edge of adding new ideas like there were two or three eastern states that have imposed a soda tax, and wanted information on the management and ramifications of this tax, as well as information on other new taxes that may have been imposed across the nation.

Chair Takamura said that in the last PFM study, it did mention a soda tax but was not one of their recommendations made and maybe at that time, it was not an appropriate tax to recommend. Maybe that could be one of Commissioner Blouin's questions to PFM during his interview with them.

Commissioner Knox said if the TRC was not going to do a study on GET exemptions, we could go back and look at the question on whether the TRC wants to gather public testimony. He has expressed his concern about that because organizing that effectively would be a great burden on either Chair Takamura or someone else, and that there was a great chance of hit or miss testimony. Another option was to ask if there was anything within the current contract that was about to be signed that could be "beefed up" or supplemented that logically fits with that analysis in which the TRC could spend money rather than time, per se.

He asked the opinion of DoTAX given what has been discussed by the TRC and what was heard from the legislature, if there were anything that could be supplemented within the current contract, assuming the TRC provides additional funds, that logically fits with what the vendor was doing anyway.

Mr. Shiraishi said from what he views from the legislature has covered many things discussed. The contract was a great start and didn't particularly see anything missing unless the TRC considered repealing certain taxes. However, you would not only get into the cost of repealing the tax but else would be needed to give up in terms of spending matching that revenue. That would not be the simplest exercise or something to randomly pick.

Commissioner Pieper said he agreed with Commissioner Kaina that it seemed like the TRC has had the same conversation like three times already. He asked if the TRC could all agree to put this to bed no matter what direction it took. Can the TRC agree to meet with the vendor, share our heart and let's go, and maybe from there pivot within the existing framework to go deeper on certain issues or not. The TRC can't study everything but we need to get something done. He was at the point of the TRC made its bed, so run and make the best of it versus just coming back next month and having that discussion about thinking the TRC has to do one more thing. We can't waste anymore time.

Mr. Shiraishi said he agreed with Commissioner Pieper because leaving the contract open means the vendor can't start and pushes things further back. However, the next meeting is when the vendor was scheduled to do their presentation to the TRC and while there seems like not much was going on here now, but there would be a ton of things to do going forward.

Chair Takamura asked the TRC if they were satisfied with the scope of the contract with the vendor or were there items to add, items to expand on or suggestions for them to look at.

Mr. Shiraishi said the TRC could not veer too far from the scope of the contract because then it becomes unfair to the vendor that the TRC adding in items.

Commissioner Knox said if, as Commissioner Pieper said, the TRC could benefit and the public and the legislature would appreciate it, expanding or going deeper into one topic such as GET might emerge as a good idea after the discussions go along. If the TRC was not going to do an additional study on GET, the TRC could still discuss travelling road shows on this topic, although he is skeptical of it as he previously mentioned.

Commissioner Kaina said she disagreed with Commissioner Knox as someone who has done travelling road shows as it may be worth getting the TRC study done, providing it to the public for comment before taking it to the next legislative session. At least the TRC provided that opportunity. She felt it could be structured in an appropriate manner. She said she has through some of the most controversial presentations, but was a good opportunity to hear what people from the community had to say and she felt that was critical. She thinks the TRC should save some money for public hearings and comments or maybe as Commissioner Pieper's mentioned or as Commissioner Knox mentioned of spending a little bit more money to expand more on a topic which could be done as a small contract instead of a procurement.

Commissioner Knox asked Commissioner Kaina if she was talking about was doing the traveling road show with the TRC main study rather than a different topic.

Commissioner Kaina said in reference to other types of hearings would be more like presentations on particular topics from those whom have knowledge and to provide the opportunity from members of the community to provide their opinions and perspective on those topics, and for the TRC to gather that information. She was not thinking about taking everything on the road just the vendor study when that was ready.

In the meantime, the TRC could do other things in between like schedule presentations. For instance, DoTAX in May, 2017 anticipates having data related to the 2016 GET collections, and we could then ask DoTAX present to what those results were; or even ask what happened during the legislative session, which may provide data or information the TRC uses. However, the TRC has not provided a more formal setting for DoTAX to present information to us as we've requested. The TRC has asked for information and they keep providing information their pulling out of their heads and that's a lot of information the TRC has asked for without adequate time for some structure.

Mrs. Sakata said although the contract was fixed, the DoTAX ASO has added language in case both parties mutually agree to extend or add, there was the option to pay an hourly rate for items extra and beyond, but the contract end date remains to be October 31, 2017.

Chair Takamura said for now, the TRC would wait for their phone interviews and presentation with PFM and see how things go from there as we move along.

DISCUSSION AND ACTION ON INTERIM REPORT TO THE 2017 LEGISLATURE:

Chair Takamura and Commissioner Knox would be drafting the TRC Interim Report to the 2017 legislature after the presentation by PFM Group.

NEXT MEETING:

The next meeting was scheduled for Monday, March 6, 2017 at 1:00 PM.

Mr. Shiraishi said PFM Group updates would not be done in person.

ADJOURNMENT:

The meeting was adjourned at 2:20 PM.