

Tax Review Commission
Meeting Minutes, October 13, 2021

Virtual Zoom Meeting
Video [Recording](#)

Wednesday, October 13, 2021
12:00 p.m.

PRESENT

Council Members:

Elizabeth Giesting (Chair), Alton Miyashiro (Vice Chair), Scott Teruya,
Murray Clay, Sayle Hirashima, Winston Wong, Katharine Lloyd

Staff Members:

Department of Taxation (DOTAX): Seth Coby, Yvonne Chow, Dongliang Wu,
Roderick Tuliao

TRC Consultant: Jonathan White

CALL TO ORDER

Chair Giesting called the meeting to order at 12:00 p.m. A quorum was present.

COMMUNICATIONS TO THE COMMISSION AND PUBLIC COMMENT

Chair Giesting asked if there was any communication to the Tax Review Commission (TRC). There was none.

MINUTES OF THE MEETING OF SEPTEMBER 22, 2021

Chair Giesting called for a motion to approve the minutes.

It was moved by Mr. Wong and seconded by Ms. Lloyd that the minutes of the September 22nd meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

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|--------------------|-----|
| Elizabeth Giesting | Yes |
| Alton Miyashiro | Yes |

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|------------------------|------------|
| Murray Clay | Yes |
| Winston Wong | Yes |
| Scott Teruya | Yes |
| Katharine Lloyd | Yes |

TAX REVIEW COMMISSION CONSULTANT UPDATE AND DECISION

Chair Giesting updated the Commission by introducing Mr. Jonathan White as a proposed TRC consultant.

Mr. White provided a brief summary with regards to his CV and qualifications as a proposed consultant.

Chair Giesting explained the scope of work which mainly focuses on the production of the final report.

Mr. Clay asked Mr. White if he felt comfortable with the timeline that the Commission has given with regard to the due date of the first draft report.

Mr. White felt comfortable with the due date of the first draft report.

Chair Giesting called for a motion to approve the scope of work and \$20,000 plus in-kind benefits for the hiring of Mr. Jonathan White as the TRC's consultant.

It was moved by Ms. Lloyd and seconded by Vice-Chair Miyashiro that the scope of work and budget for TRC's consultant be approved. The Chair called for the vote, and the motion passed with the following votes:

| | |
|---------------------------|------------|
| Elizabeth Giesting | Yes |
| Alton Miyashiro | Yes |
| Murray Clay | Yes |
| Winston Wong | Yes |
| Katharine Lloyd | Yes |

REVIEW, ANALYSIS AND RECOMMENDATIONS ON TRC PRIORITY ISSUES

Chair Giesting opened the discussion by sharing her memo on Proposed Recommendation on Visitor Green Fees. [\[The memo is posted on the TRC website\]](#)

Mr. Wong expressed his concerns about constitutional issues that may arise when trying to offload state tax burdens on non-residents. He feels that identifying the legal challenges for both the State and Federal will need to be well researched before any actual proposal could be done.

Ms. Lloyd felt that the Proposed Recommendation on Visitor Green Fee gave great detail and a good starting point for whomever is awarded the study.

Mr. Clay agreed and would like to provide an outline that offers detail for the scope of the Green Fee study.

Mr. Wong would also like to see the language of the Commission mission of equity and efficiency tied into the report.

Chair Giesting provided tax system goals that are being met through her proposed recommendation which were:

1. Adequacy
2. Fairness
3. Broad based
4. Exportable
5. Beneficial

Ms. Lloyd asked if the actual language of the final recommendations is something that the Commission will be working towards and if a vote is needed at this point.

Chair Giesting asked Dr. Colby for his opinion regarding moving forward.

Dr. Colby responded that it would be a good plan of action to put things down in writing when identifying the issues that the Commission will be voting on which would then allow the public enough time to provide input and comments.

Chair Giesting agreed and recommended that the Commission will discuss, modify, suggest, make edits, and vote once recommendations are finalized.

Chair Giesting asked Ms. Lloyd to discuss her recommendation on Tax Deductions and Exemptions.

Ms. Lloyd provided a Proposed Recommendation on Personal Exemption and Standard Deductions. [\[The memo is posted on the TRC website\]](#)

Mr. Clay supported Ms. Lloyd's proposal but also felt that there the tax brackets should be adjusted for inflation as well.

Mr. Teruya asked Dr. Colby about previous past Commission recommendations and asked if there was ever a cost estimate.

Dr. Colby responded that the last Commission he worked with did not provide the Legislator with any estimate and suggested that showing the cost may provide more information for the legislation.

Ms. Lloyd and Mr. Teruya agreed with Dr. Colby's approach.

Chair Giesting asked a question regarding the interaction with tax credits. One concern was would households with no tax liability be eligible for a refundable tax credit.

Dr. Colby said that households with no tax liability would still be eligible for refundable tax credits.

Ms. Lloyd suggested resubmitting her recommendation for the Commission by including a dollar amount along with indexing brackets for inflation.

Chair Giesting asked if any of the other Commissioner's had a recommendation.

Mr. Clay did not have a written recommendation but was asked to share his recommendation regarding Carbon Tax study and the proposal he will present once Dr. Coffman completes her Carbon Tax Study as requested by the Commission.

Mr. Clay expects to recommend that the revenues from the carbon tax be given back to the populous which would allow for the lower impact or bottom four quintile to either remain the same or better off financially with only the upper quintile feeling the effects.

Mr. Hirashima shared his recommendation of dedicating sufficient resources to DOTAX as a general topic and to create a minimum level funding to prevent headcount reductions.

Chair Giesting asked if Mr. Hirashima was able to develop estimates for cost benefits.

Mr. Hirashima provided estimates for cost benefits in his original recommendation.

Vice-Chair Miyashiro narrowed his recommendation of Simpson-Bowles commission and shared the following with the Commission which was:

1. Infrastructure
2. Preparing the State for climate change
3. Health care and Pension Benefits

Mr. Teruya gave a brief overview of what of types of issues are affecting counties with regards to Chair Giesting's property tax memo and Vice-Chair Miyashiro's Simpson-Bowles commission memo.

Dr. Colby encouraged Vice-Chair Miyashiro to review the Troubled Waters report from the Hawaii Executive Commission regarding long term debt and liabilities which rely to infrastructures and climate change.

Chair Giesting asked Vice-Chair Miyashiro if his proposal is to ensure that the State thinks about the obligations for capital, climate change, and etc. so that there is plan that is also related to the tax system as well.

Vice-Chair Miyashiro confirmed Chair Giesting statement but wanted to take it a step further by recommending that the State earmark or fund reserves to take care of these issues in the future.

Mr. Clay suggested tying the Carbon Tax revenue into the Simpson Bowles recommendation.

Dr. Colby reiterated to the Commission the importance and need for economic growth.

Mr. Wong shared his recommendations regarding Credits and Exemptions that had been previously submitted and will be submitting a more concise recommendation in upcoming TRC meetings.

Chair Giesting has no objections to Mr. Wong's recommendations.

Chair Giesting asked the Commission if anyone would like to recommend making information about who gets tax credits public.

Mr. Clay asked if there would be any legal issues regarding privacy laws.

Dr. Colby clarified that unless directed by the legislature currently DOTAX does not release taxpayer information.

Mr. Teruya asked if previous Commission's looked at various credits to make sure that those credits was still applicable and warranted.

Mr. Wong said that the 2005-2007 Commission did an in-depth analysis of credits and exemptions and made the recommendation was that the State minimize all exemptions and credits.

Mr. White said that although he hasn't done research specifically on Hawaii Constitutional Right to Privacy but stated that he would be surprised if it did stop the legislation from authorizing sharing of tax information.

Chair Giesting asked if Mr. Wong addressed retirement.

Mr. Wong asked if the Commission could request a study of what the costs are over a 10-year period of what's causing the growth of untaxed income.

Dr. Colby responded that the TRP would be able to provide how revenue impacts regarding pension has changed over time.

NEXT MEETING:

The Tax Review Commission tentatively agreed to meet on Wednesday, October 20, 2021, at 12:00 p.m. It will be a virtual meeting.

ADJOURNMENT:

The Chair adjourned the meeting at 1:37 p.m.