Tax Review Commission

Meeting Minutes, December 8, 2021

Virtual Zoom Meeting
Video Recording

Wednesday, December 8, 2021
12:00 p.m.

PRESENT

Council Members:
Elizabeth Giesting (Chair), Scott Teruya, Murray Clay, Sayle Hirashima, Winston Wong

Staff Members:
Department of Taxation (DOTAX): Yvonne Chow, 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 DECEMBER 1, 2021

Chair Giesting called for a motion to approve the minutes.

It was moved by Mr. Teruya and seconded by Mr. Wong that the minutes of the December 1st meeting be accepted. The Chair called for the vote, and the motion passed with the following votes:

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<td>Elizabeth Giesting</td>
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<td>Murray Clay</td>
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<td>Winston Wong</td>
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CONTINUED DISCUSSION ON BALANCING TAX SYSTEM

Chair Giesting started the discussion with asking Commission if there was any questions or comments regarding the revised spreadsheet provided by Dr. Colby on balancing tax system.

Mr. Clay said that after reviewing the spreadsheet the Carbon Tax essentially balanced the budget just like he’d hope and confirms his reasons to adopt it along with the other recommendations as well.

Chair Giesting asked Mr. Clay if it makes more sense to show the Carbon Tax beginning all in one year compared to their previous recommendation which had the Carbon Tax start at year one with other modifications to the income tax revenues happening in year two.

Mr. Clay agreed with Chair Giesting and said that if needed the Commission could also add additional comments to the reports but stated that he thinks it would be best to make the decision now so that the legislature could at least have a comparison.

Chair Giesting agreed with Mr. Clay and thinks that the recommendation clearly shows how all of the different pieces interact and affect overall revenues.

Mr. Teruya agreed and is in favor of moving forward with the recommendation stating that he believes politically wise if they defer it, they’ll defer it for the best interest of saving people.

Mr. Wong also agreed with the recommendation and the way the impacts is laid for each year.

Chair Giesting asked if there was a motion to adopt the recommendation for the Carbon Tax.

It was moved by Mr. Clay and seconded by Mr. Hirashima to adopt the recommendation for Carbon Tax be accepted. The Chair called for the vote, and the motion passed with the following votes:

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<td>Scott Teruya</td>
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<td>Sayle Hirashima</td>
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DISCUSSION AND FINAL AGREEMENT ON RECOMMENDATIONS

Chair Giesting asked TRC Consultant Mr. White if there were any other remaining questions for the TRC’s report that Mr. White would need guidance on.

Mr. White responded that there were still a couple of outstanding things that the Commission still needed to decide on which are the dividend or cash back for the Carbon Tax.

Mr. Clay said that previously regarding the cash back for income quintiles, Mr. Clay was advocating for sharing across all five income quintiles while Chair Giestig was in favor of only the bottom four income quintiles.

Mr. Clay suggested that the Commission draw the comparison for both recommendations showing the pros and cons if the Carbon Tax was to share across all five income quintiles or just the four income quintiles and let the legislature have the choice to pick what makes the most sense.

Mr. White confirmed that the report regarding the Carbon Tax recommendation will contain the 80/20 split for the cash back and equal shares showing either all five or the bottom four quintiles and then list some pros and cons of each.

Chair Giestig asked that Mr. White also provide a distribution of what the cashback for each scenario would be.

Mr. White said yes, he would be able to provide the cash back amount per household if it would be for the bottom four quintiles or if it is to all five quintiles.

Mr. White asked Chair Giesting if there was a full consensus regarding defined benefits and social security recommendation by the Commission.

Chair Giestig clarified that the Commission’s vote on the spreadsheet as it was presented indicates their agreement that the Commission is not going to change any of the tax aspects of social security.
NEXT MEETING:

The Tax Review Commission tentatively agreed to meet on Wednesday, December 15, 2021, at 12:00 p.m. It will be an in-person meeting held in the Tax Director’s Conference Room located at Princess Ruth Keelikolani Building 830 Punchbowl Street on the Second Floor, Room 223.

ADJOURNMENT:

The Chair adjourned the meeting at 12:17 p.m.