

TAX REVIEW COMMISSION 2025-2027

Meeting Minutes, **Tuesday, May 26, 2026**

Virtual Meeting

Meeting was held virtually and video recorded.

Recorded Video Link: <https://www.youtube.com/watch?v=9hPa-w4fzAk>

Tuesday, May 26, 2026

2:00 p.m.

PRESENT:

Commission Members:

Jonathan White (Chair), Judith Chock (Vice-Chair), Jessica Enos, Mark Fukunaga, Stacey Katakura, Jeffrey Ueoka, and Jon Yasuda

Staff Members:

Department of Taxation (DOTAX): Director Gary Suganuma, TRC Executive Director Dr. Baybars Karacaovali (DOTAX Tax Research & Planning Officer) and Roderick Tuliao (Administrative Assistant)

Attorney General's Office:

Deputy Attorney General Michael Dunford

CALL TO ORDER

Chair White called the meeting to order at 2:03 p.m. A quorum was present.

Roll Call:

Mr. Jonathan White	Present
Ms. Judith Chock	Present
Ms. Jessica Enos	Present
Mr. Mark Fukunaga	Present
Ms. Stacey Katakura	Present
Mr. Jeffrey Ueoka	Present
Mr. Jon Yasuda	Present

Chair White informed the Commission of a question he had asked Deputy Attorney Cynthia Johiro regarding the requirement for seconding motions.

Chair White stated that Deputy Attorney Johiro explained that the Commission follows Robert's Rules of Order, which generally require a second for motions. However, she noted that there is a provision for small boards and commissions, such as the TRC, that allows them to dispense with requiring seconds.

Chair White continued, stating that according to Deputy Attorney Johiro, the Commission qualifies as a body that may forgo seconds. He asked the Commission if there were any objections to dispensing with the requirement for seconds on motions. There were no objections.

Chair White then stated that, due to the lack of objections, the Commission will operate under the streamlined process provided in Section 49 of Robert's Rules of Order.

Chair White next announced that Deputy Attorney Cynthia Johiro will be replaced by Deputy Attorney Michael Dunford, who will serve as the Commission's assigned counsel.

COMMUNICATIONS TO THE COMMISSION AND PUBLIC COMMENT

Chair White asked if there was any communication to the Tax Review Commission (TRC).

Dr. Karacaovali said there was no communication received.

Chair White allowed time for comments from the public, no comments were received from the public.

MINUTES OF THE MEETING OF APRIL 20, 2026

Chair White asked the Commission if there were any changes to the April 20, 2026, minutes.

Chair White asked if there were no objections, the minutes would be approved by acclamation.

There were no objections, so the minutes got approved.

HAWAI'I STATE TAX LEGISLATIVE UPDATE BY DR. BAYBARS KARACAOVALI

Dr. Karacaovali provided a brief presentation regarding the following Legislative Updates:

1. Major Tax-Related Measures Passed by the 2024 Legislature and Enacted into Law Estimates of General Fund Tax Revenue Gain or (Loss) (Dollar amounts are in \$ millions) – Table
 - a. Act 46, SLH 2024 – Individual Income Tax Cut
 - i. Increases the standard deduction amounts, with amendments taking effect in tax years 2024, 2026, 2028, 2030, and 2031. Act 46 also amends the income tax brackets by increasing the income limits in each bracket, with amendments taking effect in tax years 2025, 2027, and 2029.
 - b. Act 47, SLH 2024 – GET Exemptions
 - i. Exempts medical services provided by health care providers to patients who receive Medicaid, Medicare, or TRICARE benefits from the general excise tax. Applies to taxable years beginning 1/1/2026.
2. 2019-2024 Tax Schedule – Table and Actual 2025-2026 Tax Schedule – Act 46 – Table
3. Number of Resident Returns 23-24 – Table; Number of Resident Returns 25-26 – Table; 2019-2024 Tax Schedule – Table; Actual 2025-2026 Tax Schedule – Act 46 – Table
4. TY 2026 Synthetic After-Credit Tax Liability – Table
5. Act 46, SLH 2024 Tax Year 2027 (If No Change In Policy) – Table; Freeze above \$175k-Single/\$350k-Joint @25 Rate Tax Year 2027 – Add New 13% Top Bracket Decrease Brackets 2 & 3 to 2.5% & 5% - Table; Act 46, SLH 2024 Tax Year 2029 (If No Change In Policy) – Table; Freeze above \$175k-Single/\$350k-Joint @25 Rate Tax Year 2029 – Add New 13% Top Bracket Decrease Brackets 2 & 3 to 2.5% & 5% - Table (Senate Bill 3125 became Act 24, SLH 2026 on May 21, 2026)
6. Filing Status Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$88,000 - Table
7. Filing Status Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$500,000 - Table
8. Filing Status Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$1,500,000 - Table
9. Filing Status Married Filing Jointly Dependents (excluding spouse) 2 Income (Hawai'i AGI) \$10,000,000 - Table
10. Number of Resident Returns 23-24 – Table; Number of Resident Returns 25-26 – Table; 2019-2024 Tax Schedule – Table; Actual 2025-2026 Tax Schedule – Act 46 – Table
11. 2027-2028 Tax Schedule – Act 24, SLH 2026 (Senate Bill 3125) – Table and Number of Resident Returns 27-28 – Table

12. 2029 – Thereafter Tax Schedule – Act 24, SLH 2026 (Senate Bill 3125) – Table and Number of Resident Returns 2029 – Table
13. General Fund Revenue Gain (or Loss) – Table
14. Estimated Total Revenue Impact (\$ Millions) – Table
15. Distribution of Tax Credits in Tax Years 2016 – 2023 – Table
16. Other Relevant Legislative Tax Bills:
 - a. Senate Bill 2580 (Relating to the Motion Picture, Digital Media, and Film Production Income Tax Credit)
 - i. Increases individual per-production tax credit cap amount to \$20 million (from \$17 million)
 - ii. Increases the aggregate tax to \$60 million (from \$50 million)
 - b. House Bill 1920 (Relating to the Low-Income Housing Tax Credit)
 - i. Clarifies that, for tax credits issued after July 1, 2026 a partner or member that is a partnership or limited liability company that has been allocated a low-income housing tax credit may either further allocate the credit or transfer, sell, or assign all or a portion of the credit to any taxpayer
 - ii. Intended to improve upon the existing tax credit program by clarifying and expanding the flexibility of credit allocation and transfer, which is seen necessary to attract additional investment into affordable housing projects
 - c. House Bill 2329 (A bill for an act relating to conformity to the internal revenue code)
 - i. Amends Hawaii’s income and estate and generation-skipping transfer tax laws to partially conform to changes made to the Internal Revenue Code in calendar year 2025
 1. OBBB Section:
 - a. 70109 – Casualty Loss Deduction
 - b. 70110 - Miscellaneous Itemized Deductions
 - c. 70112 – Qualified Transportation Fringe Benefits
 - d. 70114 - Wagering Losses
 - e. 70424 - Charitable Deductions for Non-Itemizers
 - f. 70425 – Charitable Deduction Floor for Individuals
 - g. 70201 – Deduction for Tip Income
 - h. 70204 – Trump Accounts
 - i. 70404 – Dependent Care Assistance Program
 - j. Limitation on Business Interest
 - k. Limitation on Deduction for Business Meals
 - l. Coordination of Business Interest Limitation with Interest Capitalization Provisions

The presentation slides are available on the Tax Review Commission website:
https://files.hawaii.gov/tax/stats/trc/docs2025/2026-05-Karacaovali_Presentation_TRC_Legislative_Update.pdf

Chair White informed the Commission that he has been tracking HB 1804 regarding long-term care financing and would like to add that bill to the list of bills that Dr. Karacaovali highlighted in his presentation.

Chair White also stated that HB 1804 has passed but hasn't been signed yet.

Chair White said that HB 1804 requires the Executive Office on Aging to develop a framework and a scope of work on a study to examine the impacts and feasibility, and costs for public and private financing options for long-term care.

REPORT FROM THE EVALUATION COMMITTEE REGARDING THE HIRING OF CONSULTANTS AND PROCEDURAL MATTER:

Chair White asked the evaluation committee members to give a brief update regarding hiring of consultants and procedural matters.

Dr. Karacaovali shared his screen for the Commission which showed the Public Notice for Professional Services Procurement document that has been posted to the TRC webpage.
https://files.hawaii.gov/tax/stats/trc/docs2025/2026-05-26_TRC_Public_Notice_Professional_Services_Procurement.pdf

Dr. Karacaovali noted that posting is also located on the State's main framework for such notices but wanted to reiterate that at least 3 applicants are needed for each topic.

Mr. Fukunaga asked Dr. Karacaovali to confirm that if the Commission was to consider hiring UHERO, the process of minimum three bidders would not be needed.

Dr. Karacaovali responded that is correct.

Mr. Fukunaga said that he has spoken with Dr. Bonham from UHERO and thought they may be interested.

Mr. Fukunaga also suggested that the Commission run both processes in parallel and asked if the Commission would be comfortable with that suggestion.

Chair White said that he would feel comfortable with that suggestion.

DISCUSSION REGARDING THE APRIL 2026 LEGISLATIVE MEETING

Chair White asked Ms. Chock if she could start the discussion regarding the April 2026 legislative meeting.

Ms. Chock briefly gave her input and referenced the tax online platform as suggested by the senators.

Ms. Chock asked if the Commission should narrow down the credits to about two or three instead of looking at all the credits.

Ms. Enos shared her thoughts with the Commission and asked for clarification regarding the Commission's role as a committee.

Chair White responded that the Senate has a role of advice and consent but not a role of direction or dictation, and that the Commission members are appointed to the Tax Review Commission to bring the priorities what the Commission thinks are best for the State that should be looked at and studied.

Mr. Fukunaga agreed with Chair White.

Chair White did express that if any Commissioner has heard any topics from individual senators and or individual meetings or at the hearings that they would like to cover that those topics can be presented and then the Commission can determine if that would be a topic to be covered.

12 MINUTE BREAK

Chair White at 3:08pm called for a 12-minute break and asked each Commission member to turn off their microphones, turn off their cameras, and avoid discussing any TRC business during the 12-minute break.

Commission members returned from their 12-minute break at 3:20pm to continue the meeting.

Chair White continued the meeting from agenda line item six discussion regarding the April 27, 2026, legislative hearing.

The Commission discussed the seven questions submitted to Commission members by senators.

Ms. Enos suggested that of the seven questions submitted there are several of those questions that could be worked on as agenda items.

**CONTINUED DISCUSSION OF TOPICS FOR THE COMMISSION TO FOCUS ON
AND HIRING OF CONSULTANTS**

Chair White asked to skip agenda line item seven as continued discussion from earlier discussion was not needed.

DISCUSSION OF TOPICS FOR THE COMMISSION TO STUDY IN-HOUSE

Chair White listed out the following in-house study topics to the Commission:

1. Retirement Income
2. General Regressivity
3. Housing Affordability
4. Credits and Exemptions
5. Pyramiding related to competitiveness

DISCUSSION ON THE NEXT MEETING AGENDA AND SCHEDULING THE NEXT MEETING

Chair White suggested the regressivity and pyramiding topics to be discussed internally in the next meeting and indicated he may be able to get outside speakers to talk on these topics.

The Tax Review Commission agreed to meet on Tuesday, June 16, 2026, at 2:30 p.m. It will be an in-person meeting.

ADJOURNMENT:

Chair White adjourned the meeting at 3:59 p.m.