

Honolulu, Hawaii

APR - 6 2006

RE: S.C.R. No. 191  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Intergovernmental Affairs, to which was referred S.C.R. No. 191 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE GOVERNOR, THE COUNTY MAYORS AND COUNTY COUNCILS, WITH THE ASSISTANCE OF THE TAX REVIEW COMMISSION, THE CITY AND COUNTY OF HONOLULU'S TAX POLICY COMMITTEE AND COMPARABLE COMMITTEES OF KAUAI, MAUI, AND HAWAII COUNTIES TO REVIEW THE STATE AND COUNTIES' TAX AND REVENUE SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to request the Governor, the Mayors and county councils, with the assistance of the Tax Review Commission, the City and County of Honolulu's Tax Policy Committee, and comparable committees of Kauai, Maui, and Hawaii counties to review the State's and counties' tax and revenue systems.

Democrats for Property Tax Fairness Task Force, Hawaiian National Communications Corporation, and two individuals submitted testimony in support of this measure.

All of the testifiers discussed the apparent incongruity between the State and county tax structures and implicated it as a cause of inequity. Your Committee finds that better cooperation and coordination between the State and the counties could make tax collection less costly, more efficient, and more equitable. A holistic review of Hawaii's entire tax structure, including both the state and county tax structures, and its collective financial



impact on taxpayers would be useful when considering future tax policies.

Your Committee has amended this measure by:

- (1) Requesting that a Tax Policy Task Force be created to:
  - (A) Conduct a holistic review of Hawaii's state and county tax structures;
  - (B) Determine how the state and county tax structures, particularly the real property tax, affect various sectors of the economy, such as low-income and middle-income taxpayers;
  - (C) Identify aspects of the state and county tax structures that present particular obstacles to equity;
  - (D) Analyze who bears the ultimate tax burden with respect to any particular tax, including the real property tax; and
  - (E) Recommend, with public input from interested stakeholders, how the state and county tax structures can be improved to achieve an equitable system for the State, the counties, and the taxpayers;
- (2) Deleting inconsistent or unnecessary whereas clauses and any reference to the federal tax system;
- (3) Requesting that the Governor and the Mayors each select a member of the task force and that the member selected by the Governor convene the first meeting;
- (4) Requesting that the Director of Taxation and the directors of the finance departments of the counties cooperate with the task force; and
- (5) Making technical, non-substantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Intergovernmental Affairs that is attached to this



report, your Committee concurs with the intent and purpose of S.C.R. No. 191, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 191, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Intergovernmental  
Affairs,

  
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DAVID Y. IGE, Chair



