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# HOUSE CONCURRENT RESOLUTION

REQUESTING THAT THE TAX REVIEW COMMISSION CONDUCT A STUDY ON THE PROJECTED NET LOSS TO HAWAII RESIDENTS IN THEIR FEDERAL TAX LIABILITY THAT IS ATTRIBUTABLE TO THE MANNER IN WHICH THE STATE AND COUNTY GOVERNMENTS ARE CURRENTLY FUNDED.

1           WHEREAS, Hawaii is one of the few states where the State  
2 pays for many services that would otherwise be paid for by  
3 county governments, such as the state educational system,  
4 ambulance services, hospitals, correctional facilities, and  
5 courts; and

6  
7           WHEREAS, pursuant to Article VII, section 3, of the Hawaii  
8 Constitution, "all functions, powers and duties relating to the  
9 taxation of real property shall be exercised exclusively by the  
10 counties, with the exception of the county of Kalawao"; and

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12           WHEREAS, as a result, services paid for by the State are  
13 not funded by real property tax revenues; and

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15           WHEREAS, the Internal Revenue Code allows for the deduction  
16 of real property taxes because the Internal Revenue Code has  
17 been drafted on the assumption that, in most states, real  
18 property tax revenues would be used to fund these services; and

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20           WHEREAS, because real property taxes could potentially be  
21 lower in Hawaii since county governments theoretically do not  
22 have to pay for as many services as their mainland counterparts,  
23 Hawaii taxpayers may not benefit as greatly from federal tax  
24 deductions as mainland taxpayers; now, therefore,

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26           BE IT RESOLVED by the House of Representatives of the  
27 Twenty-sixth Legislature of the State of Hawaii, Regular Session  
28 of 2011, the Senate concurring, that the Tax Review Commission



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1 is requested to study the projected net loss to Hawaii residents  
 2 in their federal tax liability that is attributable to the  
 3 manner in which the state and county governments are currently  
 4 funded; and

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 6 BE IT FURTHER RESOLVED that the Tax Review Commission is  
 7 requested to submit a report of its findings and  
 8 recommendations, including any proposed legislation, to the  
 9 Legislature not later than twenty days prior to the convening of  
 10 the Regular Session of 2012; and

11  
 12 BE IT FURTHER RESOLVED that a certified copy of this  
 13 Concurrent Resolution be transmitted to the Chairperson of the  
 14 Tax Review Commission.

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OFFERED BY:

  
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MAR 16 2011

