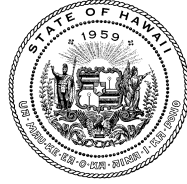


DAVID Y. IGE
GOVERNOR

SHANTSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

JOSEPH K. KIM
DEPUTY DIRECTOR

To: The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Date: Wednesday, March 23, 2016
Time: 9:15 A.M.
Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.C.R. No. 139/S.R. No. 103, Requesting the Tax Review Commission to Update the Study of the Distribution of the State and Local Tax Burden by Income Class.

The Department of Taxation (Department) appreciates the intent of S.C.R. No. 139/S.R. No. 103, and offers the following comments for your consideration.

S.C.R. No. 139/S.R. No. 103 requests the Tax Review Commission (TRC) to conduct or commission a study updating the distribution of state and local tax burden by income class similar to the study by Professor Walker Miklius, James Moncur, and PingSun Leung, 1989, TRC.

The resolution requests that the TRC prepare the study to correspond as much as possible to the methodology of the 1989 study by the Miklius, et al. That study discussed the incidences of the various state and county taxes, and the progressivity or regressivity of the taxes. In addition, the study indicated that approximately thirty percent of the general excise tax (GET) revenues is exported to tourists.

The TRC is a commission which is administratively attached to the Department. As such the Department will provide support to the TRC to the extent that resources permit.

Thank you for the opportunity to provide comments.