



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Economic Development & Business  
Wednesday, March 22, 2017 at 11:00 a.m.

By  
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HCR 169 – REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO CONVENE AN ECONOMIC DEVELOPMENT AND TAX REFORM WORKING GROUP TO STUDY, AMONG OTHER THINGS, THE ECONOMIC OUTCOME OF TRANSFERRING THE AUTHORITY TO TAX REAL PROPERTY BACK TO THE STATE AND ALLOCATING A PORTION OF GENERAL EXCISE TAX REVENUES TO THE COUNTIES.

Chair Nakashima, Vice Chair Keohokalole and members of the committee:

Thank you for the opportunity to provide testimony on House Concurrent Resolution 169. This measure includes the executive director of the University of Hawai'i Economic Research Organization (UHERO) as a member of an Economic Development and Tax Reform Working Group within the Department of Business, Economic Development to study: authority to tax real property, allocation of the general excise tax, adjusting the personal income tax; and further feasibility and economic impact determinations with regard to homeownership in Hawai'i.

UHERO is housed within the Social Science Research Institute of the College of Social Sciences. The mission of UHERO is to inform public and private sector decision-making through rigorous, independent economic research on the people, environment, and economies of Hawai'i and the Asia-Pacific region. This mission aligns with the working group's charge to study the economic outcome of:

- (1) Transferring the authority to tax real property back to the State;
- (2) Allocating a portion of general excise tax revenues to the counties; and
- (3) Adjusting the State's personal income tax structure to ease the economic burden on resident taxpayers.

The College and UHERO support study and research on the economic effects of reforming Hawaii's tax system, and are willing to participate in the working group, but not without faculty resources to do so. Current faculty have full research agendas, and undertaking this project would require that other, ongoing research of significance to the state be dropped. Further, the most appropriate contribution would be from a faculty position with a focus on state and local public finance, which does not currently exist in the state. If such a position were to be funded by the legislature, UHERO could not only provide meaningful participation in the proposed working group, but also contribute to policy more broadly.