



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Economic Development, Tourism, and Technology
and
Senate Committee on Public Safety, Intergovernmental, and Military Affairs
Thursday, April 13, 2017 at 2:00 p.m.

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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.

Chairs Wakai and Nishihara, Vice Chairs Taniguchi and Wakai, and members of the committees:

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 Hawai'i's tax system, and are willing to participate in the working group, but not without faculty resources to do so. UHERO's (3.5 FTE) faculty have very full

research agendas, and already voluntarily serve on state committees and commissions. For example, UHERO's director Carl Bonham has served on the State Council on Revenues for almost two decades, and Dr. Kimberly Burnett serves as the UH representative on the state Endangered Species Recovery Committee. These are just a few examples of UHERO faculty contributing their expertise to address issues of critical importance to the state. Given UHERO's extremely limited faculty resources, adding another important working group assignment will negatively impact other areas of research and service that are vital to the state.