

COMPARISON OF HAWAII AND OTHER STATES

HAWAII CHAMBER OF COMMERCE FOUNDATION

MARCH 14, 2004

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Comparison of Hawaii and Other States:

The Project JOBS team has compared Hawaii to other states on the basis of several **characteristics** that affect business retention and expansion. Many of these states have policies and tax laws that are more favorable to those in Hawaii.

We have identified the favorable policies that other states have been taking to promote the growth of business in respective state economies and share them in this report.

Hawaii should seriously look into the **pro business models** from the following states: Colorado, Florida, Oregon, Nevada, Utah, Washington, and Wyoming. Each of these states has taken positive steps to ensure the growth of businesses.

In addition, Hawaii needs to examine the **specific programs** that other states are implementing in order to help with the retention and growth of business.

- Arizona's tort reform program serves as a positive example that could be useful to Hawaii.
- Oklahoma has a number of business friendly tax credit programs that help promote a diverse economy in the state.
- States like Pennsylvania provide significant tax incentives to businesses in order to promote business retention and expansion.
- Most other states in the US do not charge a GET on professional services. Hawaii is an exception to the rule and should reevaluate its position in this area.
- Hawaii has no port authority and could benefit from the adoption the port authority models of Florida, Alaska, or California.

The charts presented in this document represent a comparison of Hawaii to other states in the US. It is meant to give some insight on where Hawaii stands concerning different aspects that affect the growth and expansion of business.

Characteristics	Hawaii	Colorado	Florida	Nevada	Oklahoma	Oregon	Pennsylvania	Utah	Washington	Wyoming
State Sales Tax (%) ¹	0	2.9	6	6.5	4.5	0	6	4.754	6.5+	4
General Excise Tax (%) ¹	4	0	0	0	0	0	0	0	0	0
Personal Income Tax (%) ¹	1.5-8.25	4.63	0	0	.5-6.65	5.9	2.8	2.3-7	0	0
Property Tax (%) ²	Yes	29%	Yes	Yes	10-15%	0	0	0	30%	0
Corporate Income Tax (%) ³	4.4-6.4	4.63	5.5	0	6	6.6	9.99	5	0	0
Minimum Wage ⁴	6.25	5.15	None	5.15	5.15	7.05	5.15	5.15	7.16	5.15
State & Local Tax Burden as Percent of Income (%) & (Rank 1=worst 51=best) ⁵	11.6 (rank 5)	9.1 (rank 45)	9.3 (rank 43)	9.2 (rank 44)	9.9 (rank 34)	9.4 (rank 41)	9.9 (rank 34)	11.2 (rank 8)	10.5 (rank 16)	9.8 (rank 37)
Tort Reform Laws ⁶	NO	YES	YES	NO	YES	NO	YES	YES	NO	YES
Commercial Electricity Prices (Per Million BTU) ⁵	43.41	16.62	18.48	19.27	17.64	15	22.8	15.01	13.74	15.41
Ranking of Relative Government Burden on Small Business (Rank 1=best 51=worst) ⁵	50	12	5	2	26	36	17	27	8	3
Gasoline per gallon prices (regular) ⁷	2.037	1.496	1.527	1.71	1.427	1.663	1.502	1.587	1.638	1.503
Monthly Housing Cost w/ Mortgage ⁸	\$1,636	\$1,197	\$1,004	\$1,190	\$764	\$1,125	\$1,010	\$1,102	\$1,268	\$825
Median Gross Rent ⁹	\$779	\$671	\$641	\$699	\$456	\$620	\$531	\$597	\$663	\$437
Workers Compensation ¹⁰	P/T & F/T	F/T	n/a	n/a	P/T & F/T	n/a	n/a	F/T	F/T	n/a
Union Members (%) ¹¹	23.9	15.8	6.5	17	8.5	15.8	17	6.8	18.6	9

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Sales Tax Exemptions	
Hawaii	Pensions
Colorado	Room Accommodations, Catering, Gas/Electric Services, Steam, Telephone & Telegraph Services
Florida	State/U.S. Flags, Money, Franchises, IRA, Retirement Plans, Deferred Compensation Plans
Nevada	Business Inventory & Consumables, Livestock, Bees, Certain Pipe & Agricultural Equipment, Boats, Campers, Computers, Donated Goods, Fine Art for Public Display
Oklahoma	Homeowner / Homestead, Intangible Property
Oregon	Household Furnishing, Personal Belongings, Automobiles, Crops, Orchards, Business Inventories, Intangible Property, Stocks, Bonds, Bank Accounts
Pennsylvania	Food (not ready -to-eat), Apparel, Drugs, Textbooks, Resale Goods, Residential Heating Fuels, Real Estate, Personal Property
Utah	Certain Rental Properties, Property Tax, Relief: Circuit Breakers for Taxpayers over 65, Veterans, Blind, Indigent Abatement
Washington	Grocery Store Foods, Prescription Drugs, Utility Services, Personal Services, Real Estate, Excise Gasoline Tax, Cigarettes, Alcohol
Wyoming	Intangible Assets, Bank Accounts, Stocks, Bonds

Business-friendly Policies of Other States	
Alaska	<ul style="list-style-type: none"> • Work Opportunity Tax Credit (tax credits to hire people from 7 target groups) • Exploration Incentive (\$20 million can be credited against future state corporate income tax, mining license tax, production royalties) • Alaska Growth Capital (financial institution that focus exclusively on financing businesses) • Funds that finance young companies with the potentials to achieve profitable sales by providing equity capital • Buy Alaska Program (mission to assist businesses, consumers, and gov't entities in finding competitive Alaskan sources for goods and services with the goal of keeping more dollars in Alaska)
Arizona	<ul style="list-style-type: none"> • No sales tax on food from home consumption or drugs prescribed by a physician or dentist
Florida	<ul style="list-style-type: none"> • Qualified Target Industry tax refund (tool to encourage quality job growth in targeted, high value-added businesses.) • Capital Investment Tax Credits (annual credit against state corporate income tax liability for 20 yrs. Includes all expenses incurred in the acquisition, construction, installation, and equipping) • Quick Response Training (training program for companies that need employees with customized entry-level skills and done on-site training)
Nevada	<ul style="list-style-type: none"> • No corporate tax, personal income tax, unitary tax, franchise tax on income, inventory tax, estate/gift tax • Sales & Use tax abatement, property tax abatement, business tax abatement • Made in Nevada membership • Nevada is now the no.1 ranked state in both annual job growth at 7.3 % & manufacturing growth at 11.2% • Great transportation infrastructure -
Oklahoma	<ul style="list-style-type: none"> • Homestead exception for homeowners that reduces 1000 of the property assessed value. • Tax credit on property after natural disasters
Oregon	<ul style="list-style-type: none"> • No property tax on household furnishing, personal belonging, automobiles, corps, orchards, or business inventories • Work Opportunity Tax Credits (35% one-time tax on the first 6000 paid in wages)
Pennsylvania	<ul style="list-style-type: none"> • No sales tax on food (not ready to eat), most wearing apparel, drugs, textbooks, sales for resale, and residential heating
Utah	<ul style="list-style-type: none"> • Research tax credits (up to 6% of expenses for the year) • Industrial Assistance Fund (depending on type of area-urban, rural, corporate) • Sales tax exemption for new & replacement manufacturing equipment purchases
Washington	<ul style="list-style-type: none"> • No sales tax charged on most utility services or more personal services (medical, dental, legal, barber, etc) • No sales tax on real estate (not including construction services and building materials) • No tax on retirement income earned and received from another state.
Wyoming	<ul style="list-style-type: none"> • No tax on retirement income earned and received from another state • Fractional assessment (property tax applies to only a fraction of the full market value of property)