

TAX FOUNDATION OF HAWAII

2019 Annual Activity Report

Mission & Vision Statement

To promote and encourage efficiency and economy in Hawaii governments through unbiased, non-political studies and surveys of a factual nature. To educate and inform the public and policymakers by disseminating such information and data by publications, reports, talks, the radio, and television as well as online via the Tax Foundation of Hawaii's website and social media pages.

Vision Statement

We envision a government of the State of Hawaii representative of a public who is educated about state and county government finances, whose policymakers are informed of the consequences of their proposals, that is efficient and economical and has a fair and equitable tax system.

Overview

The primary focus of the Tax Foundation of Hawaii is the state's tax and public finance issues. The Foundation staff's work is primarily focused on the proposed legislation that affects the finance infrastructure of the state.

FOUNDATION ACTIVITIES 2019

The Foundation's mission to improve state and local tax systems and foster a positive Hawaii economic climate is accomplished through its participation in community groups and organizations in addition to active engagement in the legislative process as a nonpartisan organization. This participation allows the Foundation to disseminate its researched views and allows the staff to monitor the economic and social pulse of key policymakers in the private sector, the government, and the community at large.

Community Participation

The Foundation participates in several other organizations to network and share information. Participation includes attending meetings and collaborating on media projects to bring awareness to issues facing Hawaii taxpayers. The following organizations are partnered and aligned with the Foundation through membership, fundraising, providing of grants, and networking:

- Hawaii State Bar Association Tax Section
- Hawaii Society of CPAs
- National Association of Tax Professionals
- Honolulu Japanese Chamber of Commerce Government Affairs Committee
- The Grassroot Institute of Hawaii
- Tax Foundation (National) State Tax Working Group
- Hawaii Alliance of Nonprofit Organizations
- Aloha United Way
- Hawaii Association of Trade Executives

Public Hearings and Meetings

Although some may think otherwise, the Foundation is strictly prohibited by its charter from engaging in lobbying activities on behalf of specific interest groups. As part of its mission to improve equity and efficiency in the tax system, the Foundation often is invited to participate in public forums to share research and analyses of current public finance issues. The Foundation takes extraordinary steps to convey to the public the information it has gathered so better policy decisions can be made.

State Government Legislative Hearings

The Foundation's role in the legislative hearing process is to provide an independent and unbiased viewpoint on tax policy and other public finance legislation. Given the scope of state government in Hawaii, much of the Foundation's activity is focused on monitoring the state legislature and executive branch. The Foundation is often the only private sector representative at legislative hearings where typically the only other testimony presented is from government agencies affected by or sponsoring the proposed legislation.

County government legislative activities are also monitored by the Foundation. However, with most taxing authority concentrated at the state level, the Foundation has generally limited its monitoring activity of county governments to real property taxes. The Foundation responds to requests by county policymakers for its research and viewpoints on local government issues.

Below is the number of tax measures in which the Foundation presented testimony, either in oral and/or written format, by committee:

State Senate: 160

- *Agriculture and Environment: 4*
- *Commerce, Consumer Protection and Health: 10*
- *Education: 5*
- *Energy, Economic Development, and Tourism: 16*
- *Government Operations: 1*
- *Human Services: 2*
- *Housing: 10*
- *Higher Education: 2*
- *Hawaiian Affairs: 1*
- *Judiciary: 11*
- *Labor, Culture, and the Arts: 3*
- *Public Safety, Intergovernmental & Military Affairs: 7*
- *Transportation: 10*
- *Technology: 0*
- *Water & Land: 3*
- *Ways and Means: 75*

State House of Representatives: 162

- *Agriculture: 5*
- *Consumer Protection & Commerce: 14*
- *Economic Development & Business: 17*
- *Energy & Environmental Protection: 2*
- *Finance: 64*
- *Health: 9*
- *Housing: 7*
- *Human Services & Homelessness: 2*
- *Intrastate Commerce: 0*
- *Judiciary: 10*
- *Labor & Public Employment: 4*
- *Lower & Higher Education: 6*
- *Legislative Management: 0*
- *Public Safety, Veterans, & Military Affairs: 3*
- *Tourism & International Affairs: 9*
- *Transportation: 8*
- *Water, Land, & Hawaiian Affairs: 2*

Legislative Tax Bill Service

The TAX BILL SERVICE (LTBS) provides summaries of all tax legislation introduced during the legislative session. The LTBS includes an executive summary and comments on the impact each measure may have on the tax system, with the primary focus being on fairness and administrative implementation. The publication is provided to the Foundation’s LTBS members via the TFH website and to lawmakers, administrators, and the media upon request.

At the end of 2019, there were 16 LTBS subscription members. Benefactors and Roy E. Brown Society members also have access to LTBS.

LTBS is directly connected to our testimony before the State Legislature. When any significant testimony is submitted to the Legislature, a copy of it is uploaded to the LTBS website, enabling our higher-level members to have real-time access to the Foundation’s commentary on bills receiving active attention at the Legislature.

Weekly Commentary

The Foundation president authors commentaries that highlight issues within the Hawaii community. The articles are featured on our website and statewide through print and online media outlets such as: ***Honolulu Civil Beat, Hawaii Free Press, Maui News, The Hawaii Reporter, The Garden Island, and West Hawaii Today***. The Weekly Commentary articles are also sent to members and subscribers via MailChimp.

Below are the ten most popular Weekly Commentary Articles based on the number of unique opens and the open rate from the 2019 MailChimp campaign.

Title	Date	Total Recipients	Unique Opens	Open Rate
Donovan's Dozen	4/4/2019 9:47	343	167	48.69%
If Housing Costs in Honolulu are Bad Now...	10/7/2019 8:30	356	149	41.97%
Leadership on the Mauna	8/19/2019 8:30	356	145	40.73%
Loophole? On the Way to the Top	8/26/2019 8:30	353	139	39.38%
Thirty Years of State Tax, Part I	9/2/2019 8:30	354	139	39.27%
Revenue Raisers Already Sent to the Governor	4/8/2019 8:30	344	134	38.95%
Red Flags at OHA	12/30/2019 8:30	362	140	38.78%
Carbon Credits	5/6/2019 8:30	351	136	38.75%
Creativity Abounds at Our Legislature	2/4/2019 8:30	336	130	38.69%
HIDOE Achieves Success with Job Order Contracting	4/22/2019 8:30	350	135	38.57%

Media Appearances

The Tax Foundation was featured in 73 different newscasts, radio shows, articles, and interviews. Additionally, the President was quoted in the Honolulu Star-Advertiser and by major network radio and television stations.

Media outlets regularly featuring the Tax Foundation of Hawaii and President Yamachika in 2019 include:

- Hawaii Business Magazine
- Hawaii Public Radio
- Honolulu Star Advertiser
- Honolulu Civil Beat
- ThinkTech Hawaii

ThinkTech Hawaii produces a biweekly series, entitled “Talking Tax,” which is broadcast at 10:00 a.m. every other Thursday. This series is still ongoing. Episodes can be found on the Tax Foundation’s website (In the Media!) and on YouTube or Vimeo.



Amicus Curiae Activity 2019

The Foundation expresses its views before the Hawaii State Judiciary by filing “amicus curiae,” or “friend of the court,” briefs on cases with significant Hawaii tax issues.

In *Walden v. Hi‘ilei Aloha LLC*, a case in First Circuit Court, a reporter sought financial records of three limited liability companies owned by the Office of Hawaiian Affairs. The limited liability companies resisted, arguing that they are not government agencies for purposes of the government transparency laws. The reporter, along with the Foundation, contended that agencies cannot be allowed to subvert transparency requirements, essentially hiding financial information from the Legislature and the public, by simply creating new and wholly owned and controlled entities. Judge Crabtree, in a decision filed this year, sided with the plaintiff and ordered disclosure of the information. The LLCs chose not to appeal and turned over the information. NA

In re OIP Opinion F19-05, also in First Circuit Court, was also a government transparency case. A local tax attorney asked for the Department’s revenue estimates on a particular bill, including the underlying assumptions, source data and documents, and computations it uses to create those estimates. After the Department refused to turn them over, he went to the state’s Office of Information Practices, or OIP. In May, OIP issued Formal Opinion F19-05, ruling against the Department and ordering the revenue estimate materials turned over. The Department of Taxation appealed the case to First Circuit Court, calling OIP’s decision “palpably erroneous.” The Foundation provided counsel to the requester and also submitted an amicus brief. Judge Ochiai, by order filed October 2019, found for the requester and against the Department.

League of Women Voters and Common Cause v. State, in the Supreme Court of Hawaii, involves the Legislature’s practice of gutting and replacing bills. The two appealing organizations sponsor the Rusty Scalpel Award for legislation that leaves the Legislature in a form drastically different from that in which it started. In 2018, they sued the State of Hawaii, arguing that their 2018 Rusty Scalpel winner was enacted

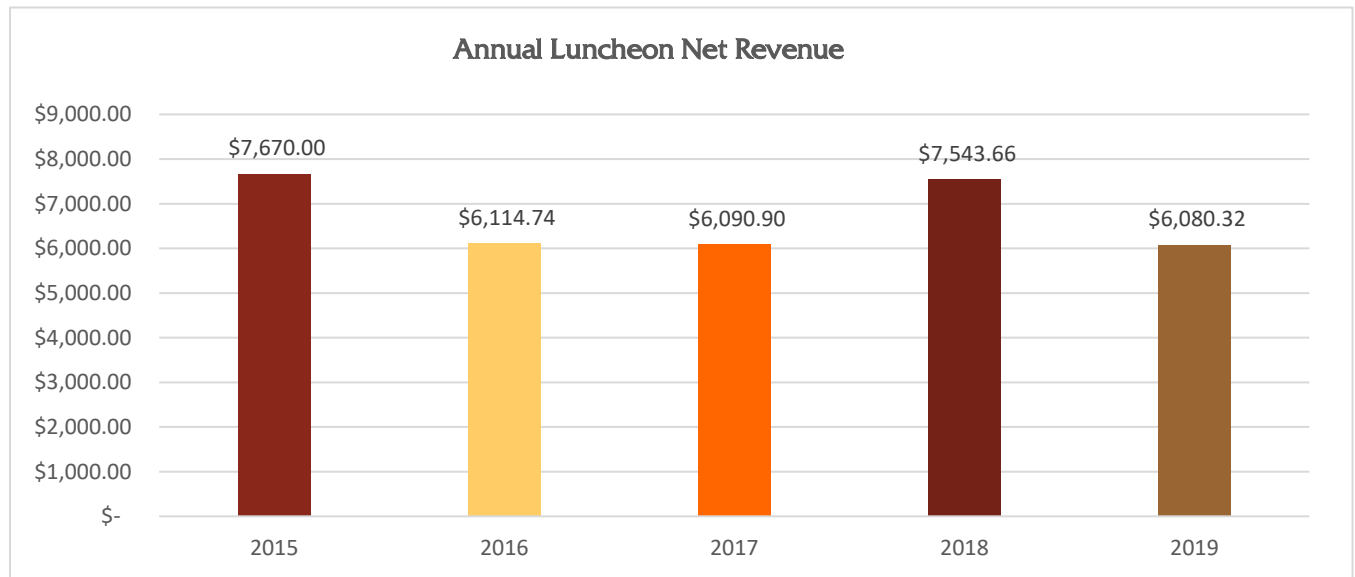
unconstitutionally. S.B. 2858 started as a bill requiring annual recidivism reports by the State Department of Public Safety. At the end of session, S.B. 2858 required the State to consider hurricane shelter space when designing new public schools. The sole connection between the two bills was the bill number and title, “Relating to Public Safety.” Although this bill did not involve tax, it turns out that three of the six Rusty Scalpel winners were tax bills, and the Foundation submitted an amicus brief to bring up the three tax winners as additional examples of the gut-and-replace methodology that the lawsuit is attacking. As of the end of 2019, the case had been accepted by the Supreme Court of Hawaii and the Foundation’s motion for leave to file amicus brief was still pending.

Membership Luncheon

The annual membership luncheon provides members of the Foundation a chance to gather and hear a speaker of note in the community.

The 2019 Annual Luncheon was held at the Plaza Club on September 10th. The guest speaker was former Governor Ben Cayetano, who spoke on “How the Rail Was Driven by Politics & Not Engineering.”

Year	Speaker	Total Revenue	Net Revenue
2019	Benjamin Cayetano	\$12,100.00	\$6,080.32
2018	Colbert Matsumoto	\$14,125.00	\$7,583.66
2017	Keli’i Akina, Gavin Thornton	\$13,502.72	\$6,090.90
2016	Jill Tokuda	\$13,230.00	\$6,114.74
2015	Sylvia Luke	\$13,751.80	\$7,670.02



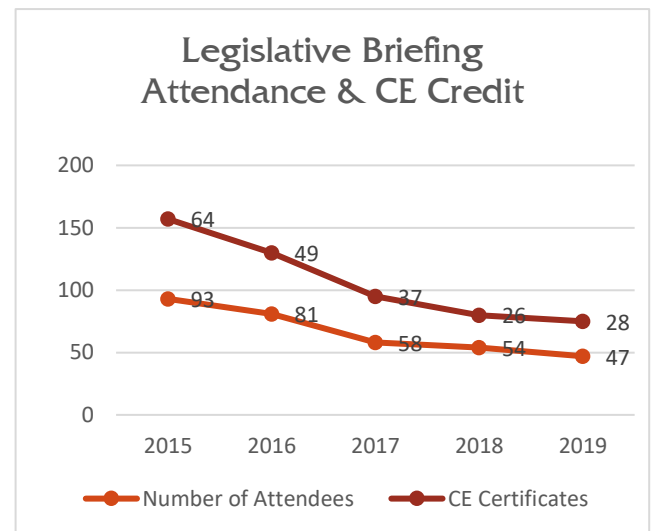
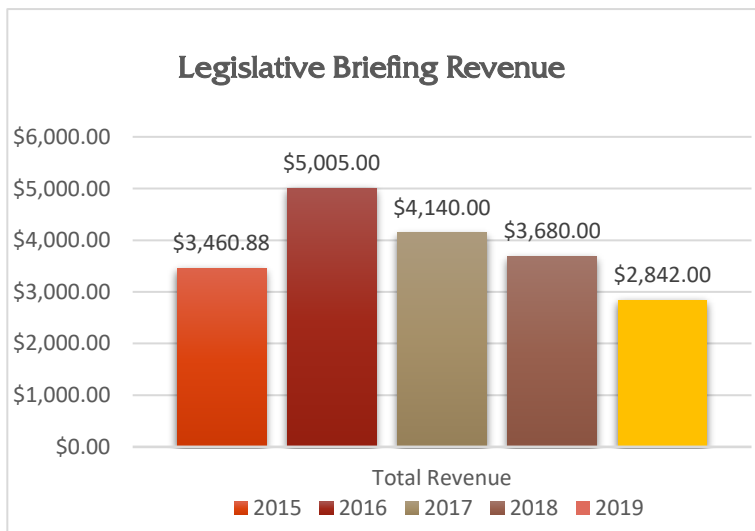
Legislative Briefings

In response to requests for updates on tax and public finance bills introduced each Legislative session, the Foundation has been providing legislative briefings to help keep those who do not have the time to monitor the session stay up to date. The Tax Foundation offers Continuing Education credit to certified accountants and CPAs for a fee when registering for the briefing.

Held at key times during the legislative schedule, such as after First Lateral and after Sine Die, the briefings focus on the developments of proposed legislation, from introduction of a bill until the final version of the measure is passed by both Chambers of the Legislature and sent to the Governor.

The 2019 Briefings were held on February 19th, March 19th, April 9th, and May 14th at the Pacific Club.

Legislative Briefing Revenue and Attendance Summary									
		February (#4)		March (#2)		April (#3)		May (#4)	
Year	Total Revenue	Number of Attendees	CE Credit	Number of Attendees	CE Credit	Number of Attendees	CE Credit	Number of Attendees	CE Credit
2019	\$2,842.00	8	5	15	7	10	6	14	10
2018	\$3,680.00	12	7	13	7	12	6	17	6
2017	\$4,140.00	14	9	12	7	13	9	19	8
2016	\$5,005.00	22	12	20	13	21	13	18	11
2015	\$3,460.88	25	16	26	19	21	14	21	15



TAX FOUNDATION OF HAWAII
2019-2020
OFFICERS AND EXECUTIVE COMMITTEE

Manoj Samaranayake, Chair
Ron Heller, Vice Chair
Thomas Yamachika, President/Secretary
Kenneth Rhodes, Vice President
Treasurer (Vacant)

Manoj Samaranayake
Ron Heller

EXECUTIVE ADVISORY BOARD OF DIRECTORS

Meredith J. Ching Senior Vice President Alexander & Baldwin, Inc.	Roger H. Epstein Attorney Cades Schutte LLP	Richard Henderson President Realty Investment Co., Ltd.	Richard R. Kelley
---	--	---	--------------------------

BOARD OF DIRECTORS

James R. Aiona Attorney JRA, Inc. Mediation, Arbitration & Consulting	Dennis Brown President/CEO Big Brothers Big Sisters Hawaii	Helen Chang Director-Corporate Tax Hawaiian Airlines	Ronald I. Heller Attorney Torkildson Katz Hetherington Harris & Knorek
Michael Kam Senior Tax Manager Kamehameha Schools	Ross Kohara Business Development Director Ameriprise Financial Services	Michael J. O'Malley Attorney Goodsill Anderson Quinn & Stifel	Lon K. Okada Manager of Taxes Hawaiian Electric Industries
Ku'uhaku Park Vice President – Government & Community Relations Matson	Manoj Samaranayake Tax Director Wikoff Combs & Co. LLC	Glenn Shigetomi Tax Manager KPMG LLP- Honolulu	Lauralei Tanaka Vice President, Controller & Assistant Treasurer Castle & Cooke Homes Hawaii, Inc.
Craig M. Warren Executive Vice President Hawaii State Federal Credit Union	Kieran Yap Retired		

STAFF

Thomas Yamachika, President
Kenneth Rhodes, Office Manager

Tax Foundation of Hawaii
126 Queen Street, #304
Honolulu, Hawaii 96813
Phone: 536-4587
Email: office@tfhawaii.org
Web Site: tfhawaii.org