

TAX FOUNDATION OF HAWAII

2020 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 2020

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: 136

- *Agriculture and Environment: 5*
- *Commerce, Consumer Protection, and Health: 11*
- *Education: 1*
- *Energy, Economic Development, and Tourism: 19*
- *Government Operations: 1*
- *Human Services: 3*
- *Housing: 10*
- *Higher Education: 0*
- *Hawaiian Affairs: 0*
- *Judiciary: 5*
- *Labor, Culture, and the Arts: 1*
- *Public Safety, Intergovernmental & Military Affairs: 3*
- *Transportation: 6*
- *Technology: 0*
- *Water & Land: 3*
- *Ways and Means: 68*

State House of Representatives: 102

- *Agriculture: 0*
- *Consumer Protection and Commerce: 10*
- *Economic Development & Business: 14*
- *Energy & Environmental Protection: 9*
- *Finance: 41*
- *Health: 0*
- *Housing: 5*
- *Human Services & Homelessness: 5*
- *Intrastate Commerce: 0*
- *Judiciary: 2*
- *Labor & Public Employment: 2*
- *Lower & Higher Education: 1*
- *Legislative Management: 0*
- *Public Safety, Veterans, & Military Affairs: 0*
- *Tourism & International Affairs: 7*
- *Transportation: 5*
- *Water, Land, & Hawaiian Affairs: 1*

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 2020, there were 14 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: **Hawaii Free Press, Maui News, The Hawaii Reporter, The Garden Island, and the 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 2020 MailChimp campaign.

Title	Date	Total Recipients	Unique Opens	Open Rate
Tale of the Tape	December 6, 2020	357	154	43.38%
Don't Let Them Double Up?	January 19, 2020	362	145	40.17%
State Auditor's Review of GET Exemptions and Exclusions	September 13, 2020	364	145	40.17%
Electric Vehicle Sweeteners Running Out?	July 19, 2020	362	144	39.89%
Future of the Aloha Stadium	June 28, 2020	365	144	39.56%
Making Up for Budget Shortfalls	October 25, 2020	362	141	39.28%
Someone Was Listening to the Howl in the Woods	November 1, 2020	362	141	39.28%
Taxing Medical Practice to Death?	April 19, 2020	363	141	39.17%
The Giant Sucking Sound	June 14, 2020	364	140	38.57%
Do Laws Still Apply?	May 3, 2020	364	139	38.61%

Media Appearances

The Tax Foundation was featured in 96 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 2020 include:

- Hawaii Business Magazine
- Hawaii Public Radio
- Honolulu Star Advertiser
- KITV-4
- Tax Notes
- 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

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 2020, the following were developments in cases in which the Foundation filed amicus curiae briefs:



League of Women Voters and Common Cause v. State, Supreme Court of Hawaii.

This case was brought by the nonprofit organizations League of Women Voters-Hawaii and Common Cause-Hawaii. These two 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.”

The Foundation participated because, although S.B. 2858 (2018) does not involve tax, it turns out that three of the six Rusty Scalpel winners were tax bills. The precedent that this case sets undoubtedly will apply to tax bills. In our brief, we brought up the three tax winners as additional examples of the gut-and-replace methodology that the lawsuit is trying to end.

As of the end of 2020, the Supreme Court of Hawaii had not decided the case.



New Hampshire v. Massachusetts, Supreme Court of the United States.

The Foundation has joined in a brief of the National Taxpayers Union Foundation.

This case was brought because Massachusetts apparently has gone after New Hampshire residents who previously commuted to Massachusetts but are no longer commuting because they are staying at home.

New Hampshire is, of course, taxing their earnings because the residents work there, but Massachusetts wants to tax them too, saying they used to have nexus with Massachusetts, so they still need to pay Massachusetts. Some basic clarity is needed as to which state gets to tax, and under what rationale.

This case has been briefed, and the Court invited the Solicitor General to file another amicus brief expressing the views of the Federal Government. Oral argument has yet to be scheduled.

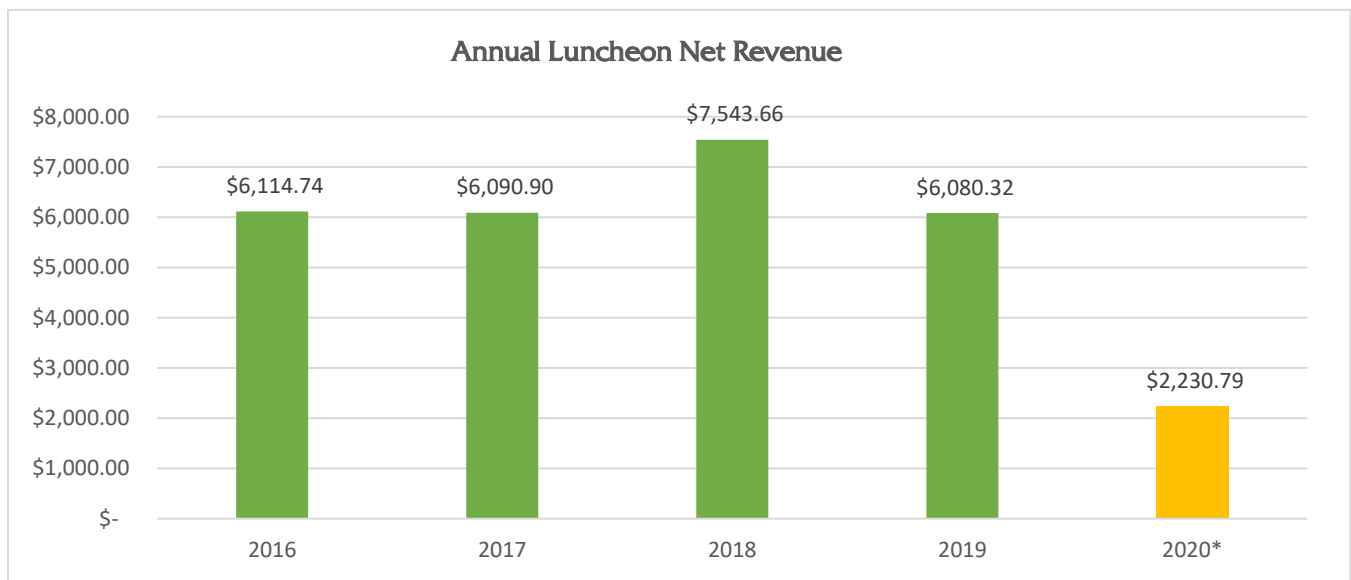
Membership Luncheon

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

In 2020, the COVID-19 pandemic prevented the Foundation from holding an in-person luncheon. Instead, an annual membership conference was convened online on September 8th via Zoom with former Governors Mr. John Waihe'e III and Mr. Neil Abercrombie joining President Yamachika as guest panelists.

As the 2020 event was held online, the Foundation requested a donation from registered attendees, although the donation was not required for registration.

Year	Speaker	Total Revenue	Net Revenue
2020	John Waihe'e III, Neil Abercrombie	\$2,315.00	\$2,230.79
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



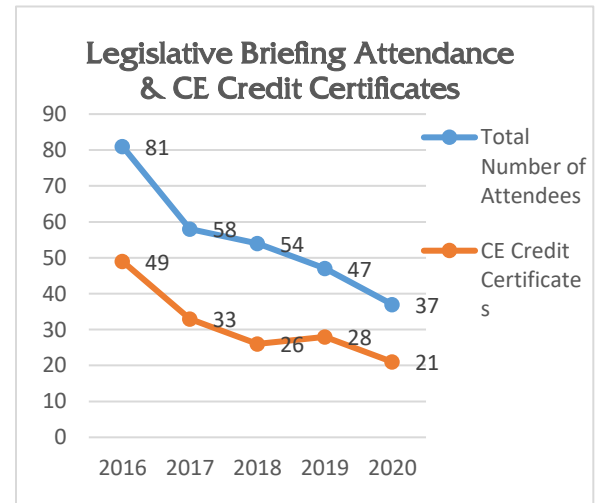
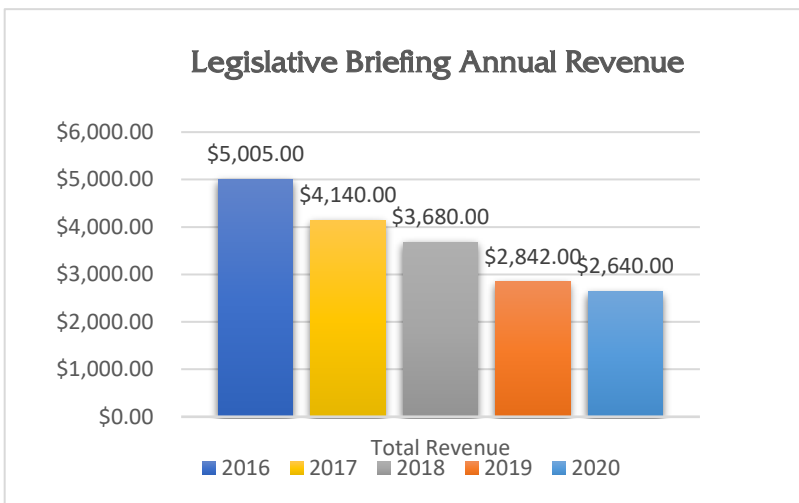
*2020 was a virtual event due to COVID-19 pandemic restrictions.

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 Hawaii Employers Council has participated as a guest presenter to update workshop attendees on important labor related measures that may be of interest.

2020 Briefings were scheduled for February 25th, March 17th, April 7th, and May 12th at the Pacific Club. Due to the restrictions on gatherings as a result of the COVID-19 pandemic, the April 7th briefing was cancelled, and the May 12th briefing was rescheduled to August 11th following the actual legislative adjournment.



Year	Total Revenue	February (#4)		March (#2)		April (#3)		May (#4)	
		Number of Attendees	CE Credit	Number of Attendees	CE Credit	Number of Attendees	CE Credit	Number of Attendees	CE Credit
2020	\$2,640.00	8	7	15	7			14	7
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

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2020-2021
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STAFF

Thomas Yamachika, President
Jade McMillen, Office Manager

Tax Foundation of Hawaii
126 Queen Street, #305
Honolulu, Hawaii 96813
Phone: 536-4587
Email: office@tfhawaii.org
Web Site: tfhawaii.org