

# TAX FOUNDATION OF HAWAII

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2022 Annual Activity Report

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### *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 2022***

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
- Hawaii Society of CPAs
- National Association of Tax Professionals
- 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:

- *Agriculture and Environment: 11*
- *Commerce and Consumer Protection: 10*
- *Education: 0*
- *Energy, Economic Development, and Tourism: 12*
- *Government Operations: 5*
- *Human Services: 4*
- *Housing: 3*
- *Higher Education: 0*
- *Health: 6*
- *Hawaiian Affairs: 2*
- *Judiciary: 12*
- *Labor, Culture, and the Arts: 5*
- *Public Safety, Intergovernmental & Military Affairs: 1*
- *Transportation: 9*
- *Ways and Means: 53*
- *Water & Land: 5*

State House of Representatives:

- *Agriculture: 3*
- *Culture, Arts, & International Affairs: 0*
- *Corrections, Military, & Veterans: 0*
- *Consumer Protection & Commerce: 22*
- *Economic Development: 45*
- *Education: 1*
- *Energy & Environmental Protection: 8*
- *Finance: 52*
- *Government Reform: 1*
- *Higher Education & Technology: 1*
- *Health, Human Services & Homelessness: 5*
- *Housing: 5*
- *Judiciary & Hawaiian Affairs: 6*
- *Labor & Tourism: 8*
- *Legislative Management: 0*
- *Pandemic & Disaster Preparedness: 0*
- *Transportation: 4*
- *Water & Land: 5*

### 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 2022, there were 13 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. At the end of 2022, there were 433 subscribers to the Weekly Commentary.

Below are the ten most popular Weekly Commentary Articles based on the number of unique opens and the open rate from the 2022 MailChimp campaign.

Title	Send Date	Unique Opens	Open Rate
“Dedicated Funding Source”? Nah	October 24, 2022	237	54.11%
IRS Announces Broad- Based Penalty Relief for Late 2019 and 2020 Returns	August 24, 2022	235	53.41%
Getting Permitting Out of Home Maintenance	November 14, 2022	226	51.48%
State Financial Condition Still Dismal	October 17, 2022	226	51.36%
Can We Sack the GET?	August 22, 2022	224	50.91%
2022 Annual Membership Conference	August 30, 2022	222	50.45%
A GET Exemption for Food	August 15, 2022	221	50.23%
Cleaning House at OHA	November 21, 2022	219	49.89%
Our Kids Are Going Away	September 26, 2022	219	49.77%
Earning a Procurement Exemption	December 26, 2022	215	49.65%

### *Media Appearances*

The Tax Foundation was featured in 101 different newscasts, radio shows, articles, and interviews.

Media outlets regularly featuring the Tax Foundation of Hawaii and President Yamachika in 2022 include:

- Hawaii Business Magazine
- Hawaii Public Radio
- Honolulu Star Advertiser
- KITV-4
- Tax Notes
- The Center Square
- ThinkTech Hawaii

ThinkTech Hawaii produces a biweekly series, entitled [“Talking Tax,”](#) which is broadcast at 10:00 a.m. every other Friday. This series is 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 2021, the following were developments in cases in which the Foundation filed amicus curiae briefs:

In *Fevella v. HART*, State Sen. Kurt Fevella (R) sued the Honolulu Authority for Rapid Transportation (HART). Sen. Fevella sued in First Circuit Court to have the court rule on whether HART needs six or eight voting members to (1) constitute a quorum (the number of board members necessary to have a valid meeting), and (2) pass a motion. We had written in 2021 about difficulty HART was having in mustering a quorum and gathering the necessary votes to get things passed. The problem came up as an unintended side effect of 2017 bailout legislation that empowered the Speaker of the House and the President of the Senate to each appoint two non-voting members to the HART governing board, whether or not the rest of HART wanted them there. It turned out that a Neighborhood Board quorum and voting provision that was incorporated by reference into the Honolulu City Charter provision creating HART appeared to require eight “yes” votes for anything to pass, although there were only nine voting members. In July 2021, the new chair of HART announced that six, not eight, would be sufficient for a quorum and to pass motions. Fevella’s suit challenged the decision. The Foundation sought and was granted intervenor status in the case, intending to argue against Sen. Fevella’s position. Ultimately, Sen. Fevella decided to drop his case.

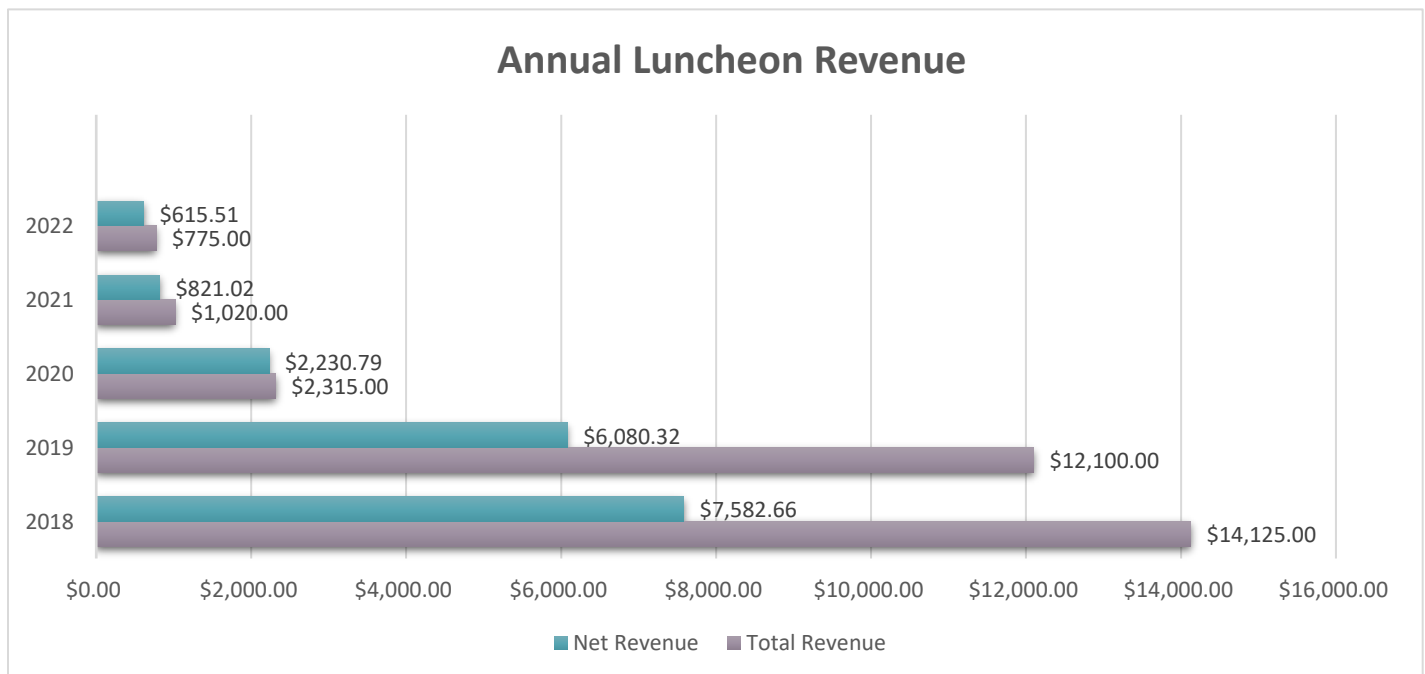
### Membership Luncheon

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

In 2022, the ongoing COVID-19 pandemic prevented the Foundation from holding an in-person luncheon. A membership conference was convened online on September 6<sup>th</sup> via Zoom with A. Kam Napier, well-known in the journalism community as editor-in-chief of Pacific Business News joining President Yamachika as guest speaker.

As the 2022 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
2022	A. Kam Napier	\$ 775.00	\$ 615.51
2021	Gina Mangieri, Rick Daysog	1,020.00	821.02
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

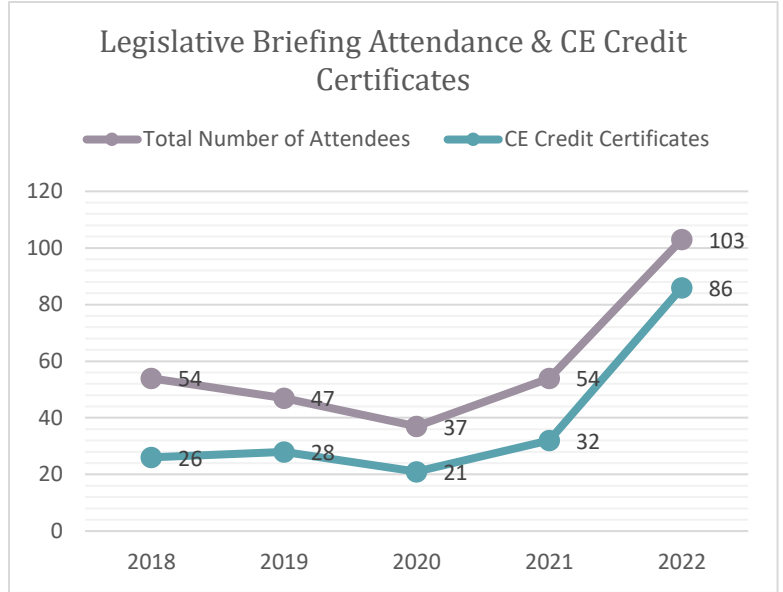


\*2020, 2021 & 2022 were virtual events due to COVID-19 pandemic restrictions.

### Legislative Briefings

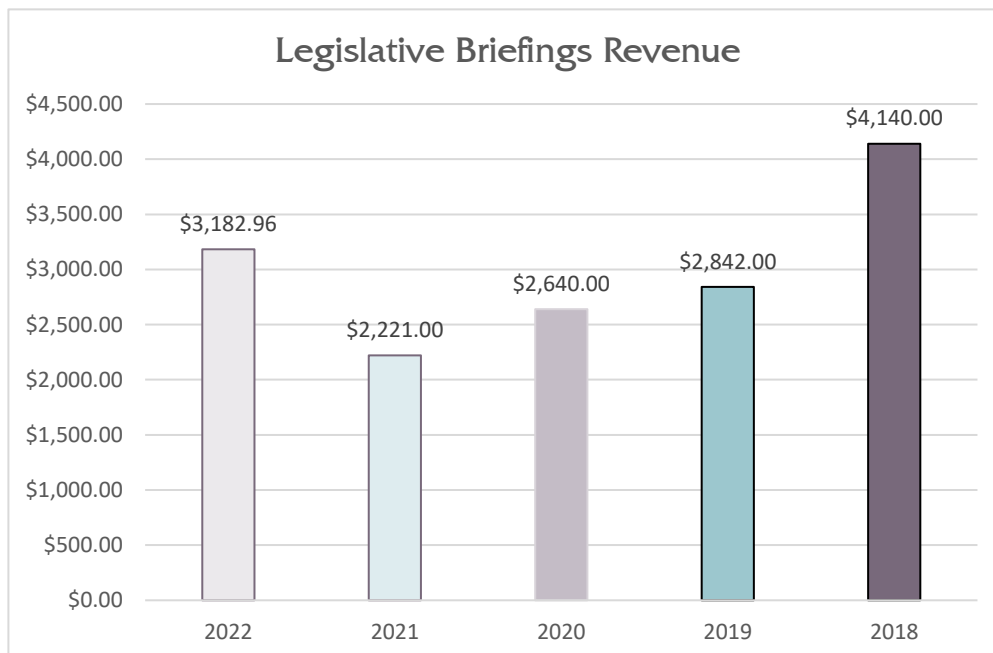
In response to requests for updates on tax and public finance bills introduced each Legislative session, the Foundation has been providing legislative briefings to help keep those who do not have the time to monitor the session stay up to date. The Tax Foundation offers Continuing Education credit to 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 2022 Legislative Briefings were held via Zoom on February 22<sup>nd</sup>, March 15<sup>th</sup>, April 12<sup>th</sup>, and May 18<sup>th</sup>.

	Total Revenue	February (#1)		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
<b>2022</b>	\$3183.00	26	15	23	16	16	14	38	25
<b>2021</b>	\$2221.00	4	3	10	10	22	15	38	26
<b>2020</b>	\$2,640.00	8	7	15	7			14	7
<b>2019</b>	\$2,842.00	8	5	15	7	10	6	14	10
<b>2018</b>	\$3,680.00	12	7	13	7	12	6	17	6





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2022  
TAX FOUNDATION OF HAWAII  
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Ron Heller, Vice Chair  
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Jade McMillen, Assistant Secretary  
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Manoj Samaranayake  
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