

**NOTICE AND AGENDA
FOR 2005-2007 TAX REVIEW COMMISSION MEETING**

**PRINCESS RUTH KEELIKOLANI BUILDING
DEPARTMENT OF TAXATION
DIRECTOR'S CONFERENCE ROOM 221**

**TUESDAY, MAY 30, 2006
9:00 A.M. to 12:00 Noon**

A G E N D A

1. CALL TO ORDER

2. APPROVE MINUTES OF APRIL 25, 2006 MEETING

3. REPORT ON STATUS OF CONTRACTS FOR EXTERNAL STUDIES

Contract for Dr. William Fox has been finalized and signed. The contract for Dr. Marcia Sakai is being finalized as instructed by the TRC.

4. REPORT ON STATUS OF WORK ON INTERNAL STUDIES

- a) Review of the progressive or regressive nature of overall taxes.
- b) Study on "tax adequacy" (how tax collections change automatically as income grows). (Rough draft completed.)
- c) Effects of an earned income tax credit.
- d) Effects of increasing the standard deduction.
- e) Effects of expanding the income tax brackets.

5. DISCUSS PROCEDURE FOR EVALUATING PROPOSALS LIKELY TO COME UP AT THE NEXT LEGISLATURE

6. CONTINUE EVALUATING SUGGESTIONS FROM THE PUBLIC

At the last meeting, the Commission considered items 18, 19, 40, 41, 42, 20, 22, 24, 25, 26, 27 and 28 on the list of suggestions to the Commission. Items 18 and 25 were rejected. Item 19 and 41 were accepted and item 24 was accepted with modification. Items 40, 42, 20, 22, 26, 27 and 28 were deferred. At this meeting, the Commission will consider the deferred items, and in addition will consider items 29 through 36.

40) Require the facilitator in a 1031 exchange to remit 5% of any shortfall of the amount exchanged.

- 42) Revise Hawaii's adoption of IRC 1031 to require that the qualified replacement property be situated in the State of Hawaii.
- 20) Take measures to force compliance by out-of-state lessors.
- 22) The S-Corp tax form should be simplified.
- 26) Private rulings, advice and settlements by the department should be made public, the same as with IRS rulings.
- 27) Settlements of tax disputes should be made public.
- 28) Attorney General opinions and memos should be made public on a redacted basis.
- 29) Adopt IRC section 7430 on award of court fees where the taxpayer substantially prevails.
- 30) Establish an Appeals Office trained to settle cases.
- 31) Mediation of audits – provide an alternative dispute resolution format.
- 32) Board of Review cases should be posted.
- 33) The burden of proof in court proceedings should conform to IRC section 7491.
- 34) The taxpayer of a representative should have the right to participate in interviews of witnesses that are conducted as part of an audit.
- 35) DOT should review the certification process for the high tech credit – it now comes in the middle of the year.
- 36) DOT's procedures for processing EFT payments for "new business" should be evaluated.

7. LIST AGENDA ITEMS FOR THE NEXT MEETING

8. ADJOURNMENT