
HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM TO CONDUCT A STUDY ON THE EFFECT OF STATE AND
COUNTY TAX STRUCTURES AND PROGRAMS ON THE LONG-TERM
ECONOMIC GROWTH OF THE STATE OF HAWAII.

1 WHEREAS, while Act 142, Session Laws of Hawaii, 2024,
2 states that new business formations have grown by thirty-seven
3 percent in Hawaii since the beginning of 2020, this is well
4 below the national average and among the bottom ten states
5 nationally; and

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7 WHEREAS, in the latest comprehensive entrepreneurial study
8 from the Kauffman Foundation, Hawaii's early survival rate for
9 startups is the lowest in the country; and

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11 WHEREAS, self-employment rates in Hawaii have consistently
12 been lower than in the rest of the United States and, in 2020,
13 Hawaii ranked fortieth for the State's percentage of
14 self-employed individuals; and

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16 WHEREAS, the state and county tax structures are factors in
17 business investment decisions and often affect the movement of
18 individuals both within, and to and from, the State; and

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20 WHEREAS, reports show that generally both companies and
21 individuals are more likely to move to locations that have lower
22 taxes; and

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24 WHEREAS, Hawaii recently ranked sixth-highest in the
25 country for state and local taxes per capita and was ranked
26 forty-second for business climate by the Tax Foundation; and

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28 WHEREAS, Article VIII, section 3, of the Hawaii State
29 Constitution states that "[t]he taxing power shall be reserved



1 to the State, except so much thereof as may be delegated by the
2 legislature to the political subdivisions, and except that all
3 functions, powers and duties relating to the taxation of real
4 property shall be exercised exclusively by the counties, with
5 the exception of the county of Kalawao. The legislature shall
6 have the power to apportion state revenues among the several
7 political subdivisions[;]" and

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9 WHEREAS, Article VIII, section 5, of the Hawaii State
10 Constitution states that "[i]f any new program or increase in
11 the level of service under an existing program shall be mandated
12 to any of the political subdivisions by the legislature, it
13 shall provide that the State share in the cost[;]" and

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15 WHEREAS, the growth of the state economy requires a
16 comprehensive examination and evaluation of Hawaii's state and
17 county tax structures to determine how new and existing state
18 and county programs can be most equitably and efficiently paid
19 for; now, therefore,

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21 BE IT RESOLVED by the House of Representatives of the
22 Thirty-third Legislature of the State of Hawaii, Regular Session
23 of 2026, the Senate concurring, that the Department of Business,
24 Economic Development, and Tourism is requested to conduct a
25 comprehensive study of Hawaii's state and county tax structures
26 to determine how new and existing state and county programs can
27 be most equitably and efficiently paid for in order to foster
28 the long-term growth of the State's economy; and

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30 BE IT FURTHER RESOLVED that the Department of Business,
31 Economic Development, and Tourism is requested to consider in
32 the study a comprehensive cost of doing business analysis,
33 factoring in Hawaii's high operational costs, including taxes,
34 energy, labor, and imported inputs; and

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36 BE IT FURTHER RESOLVED that the Department of Business,
37 Economic Development, and Tourism, in conjunction with the
38 Economic Research Organization at the University of Hawaii, is
39 requested to make policy recommendations on how the State can
40 realign and prioritize existing state and county tax structures
41 with existing state and county programs to better promote the
42 long-term economic growth of the State; and



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BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Director of Business, Economic Development, and Tourism; Director of Taxation; Chairperson of the Tax Review Commission; Mayor of each county; and Executive Director of the Economic Research Organization at the University of Hawaii.

OFFERED BY:

A handwritten signature in black ink, appearing to be 'A. J. R.', written over a horizontal line.

MAR 12 2026

