
HOUSE CONCURRENT RESOLUTION

REQUESTING A STUDY ON THE MIGRATION OF WEALTH IN HAWAII AND ITS
IMPACT ON TAX COLLECTIONS.

1 WHEREAS, the State of Hawaii must close an unprecedented
2 \$1.23 billion deficit for Fiscal Biennium 2009-2011; and
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4 WHEREAS, in 2009, the Legislature attempted to make up some
5 of this deficit by enacting into law a series of tax increases,
6 including the following two bills that targeted those increases
7 on the wealthy:
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9 (1) ACT 59, Session Laws of Hawaii 2009 - increased
10 conveyance taxes on property values beginning at \$2
11 million when the purchaser is eligible for a county
12 homeowner exemption, and \$1 million if the purchaser
13 is ineligible for the county homeowner exemption; and
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15 (2) ACT 60, Session Laws of Hawaii 2009 - increased income
16 taxes by 33% on the wealthiest individuals beginning
17 at \$400,000 for joint return filers, \$300,000 for head
18 of household filers, and \$200,000 for unmarried
19 individual filers; and
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21 WHEREAS, income tax collections for the first six months of
22 FY2010 demonstrate that these tax increases failed to generate
23 additional revenues as evidence by income tax collections
24 falling by 9.3% in FY2010 as compared to year-to-date
25 collections last fiscal year; and
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27 WHEREAS, taxpayers, investment capital, and businesses are
28 mobile, meaning people with existing businesses in the state or
29 those wishing to create new ones can leave if the tax burden is
30 too high; and
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1 WHEREAS, a study entitled "Can State Taxes Redistribute
2 Income" co-authored by Martin Feldstein, a Harvard economist and
3 former president of the National Bureau of Economic Research
4 concluded that "since individuals can avoid unfavorable taxes by
5 migrating to jurisdictions that offer more favorable tax
6 conditions, a relatively unfavorable tax will cause gross wages
7 to adjust. . . . A more progressive tax thus induces firms to
8 hire fewer high skilled employees and to hire more low skilled
9 employees"; and

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11 WHEREAS, research by economists Arthur Laffer and Stephen
12 Moore found that from 1998 to 2007, more than 1,100 people
13 everyday left high tax states such as California, New Jersey,
14 New York, and Ohio, for mostly states with no income taxes,
15 including Florida, Nevada, New Hampshire, and Texas; and

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17 WHEREAS, a recent study of New Jersey tax policy by Boston
18 College's Center on Wealth and Philanthropy found that that
19 state lost \$70 billion in household wealth from 2004-2008 after
20 the State began increasing taxes by 40% on the state's
21 wealthiest individuals; and

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23 WHEREAS, data from a 2008 Princeton study on New Jersey's
24 tax hike on the wealthy found that there were 4,000 less half-
25 millionaires in the state after the tax went into effect; and

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27 WHEREAS this out-migration of wealth has had a devastating
28 effect on the State of New Jersey budget where the top 1% of
29 taxpayers pay more than 40% of the State income tax, and the
30 State is facing a potential \$11 billion budget deficit for
31 FY2011; and

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33 WHEREAS, Hawaii's tax policies are similar to New Jersey
34 and other high tax states, and may be experiencing similar out-
35 migration of wealth; and

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37 WHEREAS, a study on tax policy in Hawaii, similar to the
38 one done in New Jersey, can reveal to Hawaii's lawmakers how its
39 tax policies are impacting wealth in the state; now, therefore,
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41 BE IT RESOLVED by the House of Representatives of the
42 Twenty-fifth Legislature of the State of Hawaii, Regular Session
43 of 2010, the Senate concurring, that the Department of Business
44 Economic Development and Tourism with the assistance of the



H.C.R. NO. 273

1 Department of Taxation conduct a study on recent migration of
2 wealth to and from Hawaii, and its impact on tax collections;
3 and
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5 BE IT FURTHER RESOLVED that the Department of Business
6 Economic Development and Tourism submit a report of its findings
7 to the Legislature no later than 20 days prior to the convening
8 of the Regular Session of 2011; and
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10 BE IT FURTHER RESOLVED that certified copies of this
11 Concurrent Resolution be transmitted to the Director of the
12 Department of Business Economic Development and Tourism, the
13 Director of the Department of Taxation, and the Governor of the
14 State of Hawaii.
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OFFERED BY:



MAR 10 2010

