

STAND. COM. REP. NO.

2482

Honolulu, Hawaii

FEB 19 2016

RE: S.B. No. 2926
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 2926 entitled:

"A BILL FOR AN ACT RELATING TO ADMINISTRATIVE TAX APPEALS AND
DISPUTE RESOLUTION PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to amend section
231-7.5, Hawaii Revised Statutes, to:

- (1) Change the title of the appeals officer from independent
to administrative appeals officer;
- (2) Make a taxpayer or return preparer eligible to petition
to participate in the administrative appeals and dispute
resolution program and establishing conditions,
procedures, and deadlines whereby the taxpayer or return
preparer may petition to do so; and
- (3) Establish that the decisions of the administrative
appeals officer may not be appealed to the Board of
Review or any court.

Your Committee received testimony in support of this measure
from the Department of Taxation. Your Committee received comments
on this measure from Chamber of Commerce Hawaii and Tax Foundation
of Hawaii.



Your Committee finds that the Department of Taxation recently launched the administrative appeals and dispute resolution program to provide taxpayers a streamlined method to quickly and fairly resolve tax disputes over proposed or final assessments. This program works with the Department's Compliance Division and the taxpayer to settle disputes within six to twelve months, thereby providing a quick and cost effective alternative to litigation. This measure makes amendments to the law relating to the administrative appeals and dispute resolution program to clarify procedural requirements and conform to the appeal programs offered by the Internal Revenue Service.

Your Committee has amended this measure by:

- (1) Adopting the language suggested by the Department of Taxation that:
 - (A) Reinstates language that requires, rather than allows, an appeals officer to be authorized to compromise or settle any dispute;
 - (B) Deletes language that disallows decisions of the administrative appeals officer from being appealed to the Board of Review or any court; and
 - (C) Deletes language that requires a taxpayer to withdraw the taxpayer's appeal to the Board of Review prior to the administrative appeals officer commencing any substantive work toward the resolution of the dispute if the taxpayer has filed an appeal with the Board of Review;
- (2) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2926, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2926, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,


GILBERT S.C. KEITH-AGARAN, Chair



