

Honolulu, Hawaii

MAR 23 , 2022

RE: S.B. No. 2378
S.D. 1
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred S.B. No. 2378, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE TAXATION BOARD OF REVIEW,"

begs leave to report as follows:

The purpose of this measure is to make various amendments related to the Taxation Board of Review, including:

- (1) Reducing the membership from ten volunteer members to three full-time, salaried members, with at least two members required for quorum;
- (2) Authorizing members to validate the Board's actions with a concurrence of the majority;
- (3) Establishing a compensation schedule for board members with compensation based on a percentage of the Director of Taxation's salary;
- (4) Clarifying that Board meetings are contested case hearings and specifying notice requirements;
- (5) Clarifying the legal and evidentiary framework the Board may use in reaching its decisions; and



(6) Appropriating funds for Board members and staff.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that existing law does not require the Chairperson of the Taxation Board of Review to have experience in litigation or public accounting, skills that are necessary to ensure a fair tax appeals process. Your Committee further finds that establishing a full-time, paid professional Taxation Board of Review and providing the Board with robust institutional support will greatly help the Department of Taxation work through its significant backlog of appeals. This measure would ensure that Hawaii's taxpayers have their tax appeal issues resolved fairly and expeditiously by requiring the Chairperson to be either a state-licensed attorney or Certified Public Accountant and compensating members of the Taxation Board of Review appropriately.

Your Committee has amended this measure by:

- (1) Changing the salary amounts for the Chairperson and members of the Taxation Board of Review to unspecified percentages of the Director of Taxation and Chairperson's salary, respectively; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2378, S.D. 1, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 2378, S.D. 1, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



MARK M. NAKASHIMA, Chair



