

STAND. COM. REP. NO.

538

Honolulu, Hawaii

FEB 13 , 2025

RE: H.B. No. 1152
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.B. No. 1152
entitled:

"A BILL FOR AN ACT RELATING TO TAX ADMINISTRATION,"

begs leave to report as follows:

The purpose of this measure is to permanently exempt the
following positions from civil service:

- (1) The software developer supervisor in the Department of
Taxation; and
- (2) The data privacy officer and tax business analysts in
the Office of the Director of Taxation.

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

Your Committee finds that the Department of Taxation is
working to modernize the State's tax filing system. Your
Committee also finds that the Department of Taxation is seeking to
join the Internal Revenue Service Direct File Program in 2026 and
reduce reliance on third-party vendor services to implement
complex system changes. Your Committee further finds that the
software developer supervisor position is hard to retain in the

2025-1725 HB1152 HD1 HSCR HMSO



State's employment because the private sector provides highly competitive offers for that type of position. Your Committee believes that this measure will support the efforts of the Department of Taxation to modernize the State's tax filing system by exempting these positions from civil service, which will help to attract specialized and experienced candidates.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; 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 Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1152, H.D. 1, and be referred to your Committee on Finance.

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



JACKSON D. SAYMA, Chair



