

STAND. COM. REP. NO.

695

Honolulu, Hawaii

FEB 14, 2025

RE: H.B. No. 1174  
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 Judiciary & Hawaiian Affairs, to which was referred H.B. No. 1174 entitled:

"A BILL FOR AN ACT RELATING TO THE PROCEDURE FOR PAYMENT UNDER PROTEST LAWSUITS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow for the interest earned on payments under protest in the litigated claims fund to be paid in nontaxation cases if the claimant prevails; and
- (2) Establish a procedure for the disposition of monies and refiling of actions when a payment under protest suit is filed prematurely.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the Hawaii Supreme Court ruled that if a taxpayer sues for a refund of payment under protest before an agency has decided whether the money is owed, the appeal should be dismissed. This may result in the agency keeping payments under protest without the opportunity for judicial review on the issue.

2025-1869 HB1174 HD1 HSCR HMSO



695

This measure introduces procedural safeguards to ensure the courts can address the merits of such disputes.

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 Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1174, H.D. 1, and be referred to your Committee on Finance.

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



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DAVID A. TARNAS, Chair



State of Hawaii  
House of Representatives  
The Thirty-third Legislature

HSCR 695

Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 1174	Committee Referral: JHA, FIN	Date: 02/12/2025		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. TARNAS, David A. (C)	✓			
2. POEPOE, Mahina (VC)	✓			
3. BELATTI, Della Au	✓			
4. COCHRAN, Elle				✓
5. HASHEM, Mark J.	✓			
6. KAHALOA, Kirstin	✓			
7. PERRUSO, Amy A.	✓			
8. TAKAYAMA, Gregg	✓			
9. TODD, Chris	✓			
10. GARCIA, Diamond	✓			
11. SHIMIZU, Garner M.	✓			
TOTAL (11)	10	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				