

Honolulu, Hawaii

FEB 12 2025

RE: S.B. No. 1469
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 1469 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to suspend the statute of limitations on collections during the period an assessment is pending on appeal before the taxation board of review or tax appeal court.

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 due to a backlog of cases pending in the Taxation Board of Review and Tax Appeal Court, the fifteen-year statute of limitations on certain collection activities has expired or will soon expire for a number of assessments currently pending on appeal. Since taxpayers currently are not required to pay an assessed tax to file a tax appeal with the Taxation Board of Review or Tax Appeal Court, and because collection activities are stayed during the pendency of those appeals, decisions and court judgments filed after the statute of limitations expires risk being uncollectible. Your Committee additionally finds that,



for lengthy appeals that are not resolved within fifteen years, the statutes of limitation would prevent vigorous enforcement and collection of debts in cases where the Department of Taxation prevails. This measure will prevent taxpayers from appealing their debts as a way to "run out the clock" on collections by extending the collection window during the time an appeal is pending.

Your Committee has amended this measure by 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 that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1469, 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,



KARL RHOADS, Chair



