

Honolulu, Hawaii

March 24, 2016

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

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2926, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to make adjustments to the Department of Taxation's Expedited Appeals and Dispute Resolution Program by:

- (1) Changing the name of the Program to the Administrative Appeals and Dispute Resolution Program;
- (2) Changing the title of the independent appeals officer to Administrative Appeals Officer;
- (3) Making taxpayers or return preparers eligible to petition to participate in the Administrative Appeals and Dispute Resolution Program; and
- (4) Establishing conditions, procedures, and deadlines for submitting a petition to participate in the Administrative Appeals and Dispute Resolution Program.



The Department of Taxation testified in support of this measure. One concerned individual testified in opposition. The Tax Foundation of Hawaii, Chamber of Commerce Hawaii, and one concerned individual provided comments.

Your Committee has amended this measure by:

- (1) Requiring a taxpayer to petition the Administrative Appeals and Dispute Resolution Program after a notice of proposed assessment has been issued and before the proposed assessment becomes final;
- (2) Requiring a taxpayer to petition the Administrative Appeals and Dispute Resolution Program after a notice of final assessment has been issued and before the taxpayer files an appeal to the District Board of Review or Tax Appeal Court; and
- (3) Deleting the requirement that a taxpayer or return preparer who has filed a tax appeal must first obtain permission from the Director of Taxation and the respective court to participate in the Administrative Appeals and Dispute Resolution Program.

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. 2926, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2926, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

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



KARL RHOADS, Chair



