

Honolulu, Hawaii

MAR 13, 2022

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

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

Sir:

Your Committee on Economic Development, to which was referred S.B. No. 2378, S.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 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 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 and Tax Foundation of Hawaii.

Your Committee finds that this measure would greatly assist the Department of Taxation with its backlog of tax appeals by establishing a full-time, paid professional Taxation Board of Review, thereby ensuring that Hawaii's taxpayers have their tax appeal issues resolved fairly and expeditiously. Your Committee further finds that further clarification regarding the legal and evidentiary framework of the Taxation Board of Review is necessary to improve efficiencies in the appeals system.

Your Committee believes that the Taxation Board of Review and the taxpayers that come before it would benefit even more if the Chairperson had experience as a Certified Public Accountant.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the Chairperson of the Taxation Board of Review shall be either a state-licensed attorney or a Certified Public Accountant with experience in the State;
- (2) Clarifying that the Vice Chairperson of the Taxation Board of Review shall serve as the Chairperson during the Chairperson's temporary inability to act due to recusal;
- (3) Changing the effective date to October 18, 2050, to encourage further discussion; and
- (4) 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 Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2378, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2378, S.D.



1, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development,



SEAN QUINLAN, Chair



