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## A BILL FOR AN ACT

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RELATING TO TAX APPEALS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

SECTION 1. Section 232-5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Any protesting taxpayer who would incur a total tax liability, not including penalties and interest, of less than \$1,000, by reason of the protested assessment or payment in question, may elect to employ the procedure established by this section upon:

(1) Payment per taxpayer of a nonrefundable filing fee set pursuant to rules adopted by the supreme court, which shall not exceed \$25; and

(2) Filing with the tax appeal court a written statement of the facts in the case, together with a waiver of the right to further appeal.

The tax appeal court shall cause a notice of the appeal and a copy of the statement to be served on the director of taxation [and] in the case of an appeal involving the department of taxation, or on the real property assessment division of the county involved in the case of an appeal ~~[from a decision]~~

H.B. NO. 1148

1 involving the county [~~as a party, the real property assessment~~  
2 ~~division of the county involved.~~], or upon both the director of  
3 taxation and the real property assessment division of the county  
4 involved in the case of an appeal involving both the department  
5 of taxation and the county."

6 SECTION 2. Section 232-16, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) A taxpayer or county may appeal directly to the tax  
9 appeal court without appealing to the state taxation board of  
10 review or any equivalent administrative body established by  
11 county ordinance; provided that a taxpayer appealing a real  
12 property tax assessment shall first obtain a decision from an  
13 administrative body established by county ordinance, before  
14 appealing to the tax appeal court, if county ordinance requires  
15 a taxpayer to do so. An appeal permitted by law to the tax  
16 appeal court is properly commenced by filing, on or before the  
17 date fixed by law for the taking of the appeal, a written notice  
18 of appeal in the office of the tax appeal court and by service  
19 of the notice of appeal on the director of taxation [~~and,~~] in  
20 the case of an appeal involving the department of taxation, or  
21 on the real property assessment division of the county involved  
22 in the case of an appeal [~~from a decision~~] involving the county

1 ~~[as a party, the real property assessment division of the county~~  
2 ~~involved.]~~, or upon both the director of taxation and the real  
3 property assessment division of the county involved in the case  
4 of an appeal involving both the department of taxation and the  
5 county. An appealing taxpayer shall also pay the costs in the  
6 amount fixed by section 232-22."

7 SECTION 3. Section 232-17, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "§232-17 Appeals from taxation board of review to tax  
10 appeal court. An appeal shall lie to the tax appeal court from  
11 the decision of the state taxation board of review, or  
12 equivalent administrative body established by county ordinance.  
13 An appeal to the tax appeal court shall be properly commenced by  
14 the filing, by the taxpayer, county, or director of taxation, of  
15 a written notice of appeal in the office of the tax appeal court  
16 within thirty days after the filing of the decision of the state  
17 taxation board of review or an equivalent county administrative  
18 body, and, in the case of any appealing taxpayer, the payment of  
19 the costs of court in the amount fixed by section 232-22, and  
20 service of the notice of appeal on the director of taxation  
21 ~~[and,]~~ in the case of an appeal involving the department of  
22 taxation, or on the real property assessment division of the

H.B. NO. 1148

1 county involved in the case of an appeal [~~from a decision~~]  
2 ~~involving the county [as a party, the real property assessment~~  
3 ~~division of the county involved.]~~, or upon both the director of  
4 taxation and the real property assessment division of the county  
5 involved in the case of an appeal involving both the department  
6 of taxation and the county. A notice of appeal shall be  
7 sufficient if it states that the taxpayer, county, or director  
8 of taxation appeals from the decision of the state taxation  
9 board of review or an equivalent county administrative body, to  
10 the tax appeal court and may be amended at any time. The appeal  
11 shall bring up for determination all questions of fact and all  
12 questions of law, including constitutional questions involved in  
13 the appeal.

14 In case of an appeal by the county or director of taxation,  
15 a copy of the notice of appeal shall be forthwith delivered or  
16 mailed to the taxpayer concerned or to the clerk of the county  
17 concerned in the manner provided in section 232-7 for giving  
18 notice of decisions.

19 An appeal shall be deemed to have been taken in time, and  
20 properly commenced, if the notice thereof and costs, if any, and  
21 the copy or copies of the notice shall have been deposited in  
22 the mail, postage prepaid, properly addressed to the tax appeal

H.B. NO. 1148

1 court, [~~director of taxation,~~] taxpayer or taxpayers, and[~~7~~]  
2 director of taxation or, if relevant, the real property  
3 assessment division of the county involved, respectively, within  
4 the time period provided by this section."

5 SECTION 3. This Act does not affect rights and duties that  
6 matured, penalties that were incurred, and proceedings that were  
7 begun before its effective date.

8 SECTION 4. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

*Nedra K. Mahan*

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BY REQUEST

JAN 21 2025

# H.B. NO. 1148

**Report Title:**

Tax Appeals; Service; Director of Taxation

**Description:**

Clarifies that a notice of appeal relating to an appeal of a county tax is not required to be served on the Director of Taxation.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Taxation

TITLE: A BILL FOR AN ACT RELATING TO TAX APPEALS.

PURPOSE: To clarify that a notice of appeal of a county tax is not required to be served on the Director of Taxation of the State of Hawaii.

MEANS: Amend sections 232-5(b), 232-16(a), and 232-17, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Due to ambiguous wording in sections 232-5(b), 232-16(a), and 232-17, HRS, the Director of Taxation is regularly served with notices of appeal for county taxes even when the Director of Taxation is not a party to the appeal. This bill will clarify that service on the Director of Taxation is not required in appeals of county taxes.

Impact on the public: This bill will clarify the service requirements for appeals of county tax assessments and eliminate unnecessary service and printing costs incurred by taxpayers.

Impact on the department and other agencies: This bill will help eliminate unnecessary processing and review of notices of appeal of county taxes by the Department of Taxation and Department of the Attorney General.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.