

JAN 30 2026

A BILL FOR AN ACT

RELATING TO PROCEDURES FOR TAX APPEALS.

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

1 SECTION 1. The legislature finds that in the recent case
2 *In re: Tax Appeal of PM & AM Research, Inc. v. State,*
3 CAAP-25-0000525 (Haw. App. Sept. 17, 2025), a taxpayer attempted
4 to appeal a tax assessment by the department of taxation to the
5 Hawaii tax appeal court. Due to a procedural technicality, the
6 court dismissed the appeal. On appeal to the intermediate court
7 of appeals, the court observed that the taxpayer had not paid
8 the assessed tax, as required by section 235-114, Hawaii Revised
9 Statutes, and dismissed the appeal on that basis. Thus, the
10 taxpayer was denied any substantive review of the assessment.

11 Accordingly, the purpose of this Act is to clarify that:

12 (1) A tax shall be paid before the courts may entertain a
13 second appeal on the merits of the dispute; and
14 (2) A taxpayer who partially prevailed during the
15 taxpayer's first appeal shall pay the amount
16 determined to be due in that first appeal, rather than



1 the entire assessment, in order to make a subsequent
2 appeal.

3 SECTION 2. Section 235-114, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Any person aggrieved by any assessment of the tax or
6 liability imposed by this chapter may appeal from the assessment
7 in the manner and within the time hereinafter set forth. Appeal
8 may be made either to the taxation board of review or to the tax
9 appeal court. The first appeal to either the taxation board of
10 review or to the tax appeal court may be made without payment of
11 the tax assessed. Either the taxpayer or the assessor may
12 appeal to the tax appeal court from a decision by the board or
13 to the intermediate appellate court from a decision by the tax
14 appeal court; provided that if the decision on the merits by the
15 board or the tax appeal court is appealed by the taxpayer, [or
16 ~~the decision by the board in favor of the department is not~~
17 ~~appealed,~~] the taxpayer shall pay the tax [assessed], as
18 determined by the board or the tax appeal court, plus interest
19 as provided in section 231-39(b)(4)."



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

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 Statutory material to be repealed is bracketed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

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

7

INTRODUCED BY: 

By Request



S.B. NO. 3300

Report Title:

Taxation; Tax Appeals; Payments Under Protest

Description:

Requires a tax to be paid before the courts may entertain a second appeal on the merits of the dispute. Requires a taxpayer who partially prevailed during the taxpayer's first appeal to pay the amount determined to be due in that first appeal, rather than the entire assessment, in order to make a subsequent appeal.

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

