

STAND. COM. REP. NO. **224**-26

Honolulu, Hawaii

FEB 12, 2026

RE: H.B. No. 2578
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 2578 entitled:

"A BILL FOR AN ACT RELATING TO DUE PROCESS FOR ESTABLISHING
PERSONAL LIABILITY FOR TAX,"

begs leave to report as follows:

The purpose of this measure is to provide that a determination of personal liability for another person's unpaid general excise taxes is an assessment subject to the due process procedures and appeals available for other assessments.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that while the general excise tax law authorizes the imposition of personal liability on responsible persons for unpaid taxes, existing law does not clearly provide due process protections for disputing these determinations. Your Committee further finds that subjecting responsible person determinations to the same assessment and appeal procedures applicable to other tax assessments promotes fairness and ensures meaningful access to review.

Your Committee has amended this measure by:

2026-1145 HB2578 HD1 HSCR HMSO



- (1) Clarifying that any appeal of an assessment shall be limited to a determination that the person is an officer, member, manager, or other responsible person, and that the person wilfully failed to pay or caused to be paid any taxes due from the taxpayer;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the Department of Taxation has requested an effective date of January 1, 2027, to give the Department sufficient time to change its processes, procedures, and assessments.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2578, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2578, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



