

STAND. COM. REP. NO. 2442

Honolulu, Hawaii

FEB 19 2026

RE: S.B. No. 3300
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 3300 entitled:

"A BILL FOR AN ACT RELATING TO PROCEDURES FOR TAX APPEALS,"
begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require a tax to be paid before the courts may entertain a second appeal on the merits of the dispute; and
- (2) Require 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.

Your Committee received testimony in opposition to this measure from one individual.

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

Your Committee finds that in the recent case of *In re: Tax Appeal of PM & AM Research, Inc. v. State*, CAAP-25-0000525 (Haw. App. Sept. 17, 2025), a taxpayer filed an appeal in the Tax Appeal Court from a general excise tax assessment. Existing law requires a taxpayer in this situation to send a copy of the notice of



appeal to the Director of Taxation. In this case, however, the taxpayer inadvertently sent the notice to the Administrative Appeals Office, which is located in the same room of the same building in Honolulu. Due to this procedural technicality, the Court dismissed the appeal. When the taxpayer appealed to the Intermediate Court of Appeals, the Court found that the State has a "pay to play" law regarding tax appeals, meaning the first appeal to the tax appeal court is free, but any appeal after that may only be entertained if the taxpayer has paid the assessed tax in full. This measure will ensure that taxpayers receive a decision on the merits of their case before being required to pay the assessed tax for any subsequent appeals.

Your Committee has amended this measure by:

- (1) Clarifying that a taxpayer who partially prevailed during the taxpayer's first appeal is required to pay the amount determined to be due in that first appeal, rather than the entire assessment, in order to proceed with the appeal;
- (2) Clarifying that a taxpayer who does not appeal the decision of the body reviewing the initial tax assessment by the Department of Taxation is required to pay the tax as determined by the Taxation Board of Review or Tax Appeal Court or the tax assessment by the Department of Taxation if left unmodified and unamended by the Board or Court;
- (3) Amending section 1 to reflect its amended purpose; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 3300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3300, S.D. 1, and be referred to your Committee on Ways and Means.



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

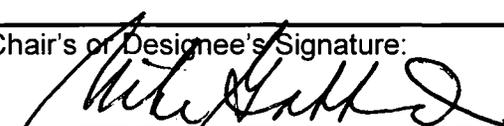


KARL RHOADS, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* SB 3300	Committee Referral: JDC - WAM	Date: 2/10/26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	✓			
GABBARD, Mike (VC)	✓			
CHANG, Stanley	✓			
SAN BUENAVENTURA, Joy A.	✓			
AWA, Brenton			✓	
TOTAL	4	—	1	—
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes