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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2578, H.D.1, Relating to Due Process for Establishing Personal Liability for Tax

BEFORE THE:

Senate Committee on Judiciary

DATE: Tuesday, March 17, 2026

TIME: 9:55 a.m.

LOCATION: State Capitol, Room 016

Chair Rhoads, Vice-Chair Gabbard, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2578, H.D.1, for your consideration.

H.B. 2578, H.D.1, amends section 237-41.5, Hawaii Revised Statutes (HRS), which imposes personal liability for the general excise tax (GET) on any officer, member, manager, or other responsible person who has control or supervision over amounts collected to pay the GET, or who is charged with responsibility for the filing of returns or the payment of GET. Personal liability will attach if the officer, member, manager, or responsible person willfully fails to pay or to cause to be paid the GET owed by the business.

Under current law, after GET liability is assessed against a business, and appeals have been exhausted or the time to appeal has expired, if the tax remains unpaid, personal liability may be imposed on the officer, member, manager, or other responsible person who willfully failed to pay the GET, or caused to be paid, upon DOTAX's issuance of a written notice to the officer, member, manager, or responsible person.

This bill will require DOTAX to issue the officer, member, manager, or responsible person an “assessment,” subject to the procedures for assessment and appeal set forth in sections 237-36 and 237-42, HRS.

This bill has a defective effective date of July 1, 3000.

Should this bill advance, DOTAX requests that the effective date be amended to January 1, 2027, to allow DOTAX sufficient time to change its assessment processes, procedures, and forms.

Thank you for the opportunity to provide comments on this measure.