

Hawaii State Senate  
Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

**SB 2879**

Testimony of Isaac W. Choy, CPA

**IN SUPPORT**

Hearing date Monday, March 2, 2026, 10:00 am

Dear Chairman, Dela Cruz, and Committee Members

The purpose of this bill is to highlight the importance of properly utilizing the Administrative Rules positions to help protect the State of Hawaii's revenues. This position should not be assigned to other duties that are not directly related to the core mission of the Hawaii State Tax Department.

Administrative Rules officers and specialists serve to assist taxpayers in navigating the complex laws and regulations of the tax office. They represent the Department's stance when interpreting tax laws and regulations, ensuring clarity and compliance among Hawaii's taxpayers.

Assigning these positions to other administrative tasks undermines the Hawaii State Tax Department's voluntary compliance system. Maintaining the integrity of these roles is vital for effective tax guidance and taxpayer support.

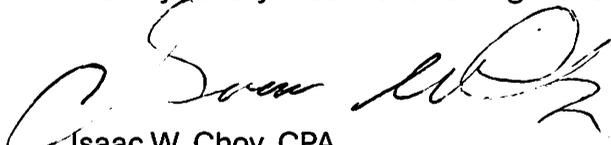
Should the committee wish further to reinforce the importance of tax guidance for Hawaii taxpayers, I recommend transferring the current exempt positions to civil service positions. This change would help ensure stability and continued expertise in these roles.

Proposed language:

**§231-4.5 Administrative rules officer; specialists; appointments and duties.** The administrative rules officer shall be a legal, tax, or accounting professional to direct the adoption of rules related to taxes administered by the department and assist with the issuance of tax memoranda and tax information releases. The

administrative rules specialists shall assist the administrative rules officer in fulfilling those duties. Administrative rules specialists shall have legal, tax, or accounting credentials, or sufficient experience that qualifies them in relation to the adoption of rules related to taxes administered by the department, and assistance with the issuance of tax memoranda and tax information releases. The administrative rules officer and the administrative rules specialists shall be civil service employees, under chapter 76 civil service law and chapter 89 collective bargaining in public employment, provided that no individual appointed under this section shall render legal services reserved to the attorney general under chapter 28.

Thank you very much for allowing me to submit my comments on this very important issue.



Isaac W. Choy, CPA

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 2879, Relating to Taxation

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Monday, March 2, 2026  
**TIME:** 10:00 a.m.  
**LOCATION:** State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Department of Taxation (DOTAX) provides the following comments on S.B. 2879 for your consideration.

S.B. 2879 proposes amendments to section 231-4.5, Hawaii Revised Statutes (HRS), affecting the appointment, qualifications, and job duties of exempt positions within DOTAX's Administrative Rules Office. Currently, the director of taxation ("director") is authorized to appoint an administrative rules officer ("rules officer") and administrative rules specialists ("specialists"), who "may be legal or accounting professionals," and the rules officer is responsible for directing the adoption of tax-related rules, assisting with tax memoranda and information releases, and carrying out other duties assigned by the director.

This measure would require the rules officer to be a legal, tax, or accounting professional and would authorize the rules officer, rather than the director, to appoint specialists. Specialists would also be required to have legal, tax, or accounting credentials, or equivalent experience relevant to adopting tax rules and assisting with tax memoranda and information releases. This measure removes the director's authority to assign Rules Office staff "other duties" beyond the adoption of administrative rules and issuance of written guidance.

The bill is effective upon approval.

DOTAX has concerns with this bill. Section 231-4.5, HRS, is not an exhaustive list of the work performed by the rules officer and specialists, focusing on rule adoption and the issuance of written tax guidance. In practice, these staff also support other areas of the department, including compliance, collections, and taxpayer services, handle legislative duties, respond to technical tax questions, meet with taxpayers, industry representatives, and tax practitioners, assist with disputes and litigation, support UIPA responses, and contribute to taxpayer education and outreach. Removing the director's authority to assign "other duties" could be interpreted as preventing the rules officer and specialists from performing these essential functions, which are normally outside the purview of civil service staff responsibilities.

Furthermore, although the director would still appoint the rules officer, the language of this measure allows only the rules officer to appoint specialists. The rules officer position has been vacant since August and is difficult to fill due to the broad legal, tax, legislative, and management expertise required. As a result, the department would be unable to fill any specialist positions whenever the rules officer position is vacant, as is the case now.

Thank you for the opportunity to provide comments.

**SB-2879**

Submitted on: 3/2/2026 7:31:26 AM

Testimony for WAM on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Min Meng	Individual	Support	Written Testimony Only

Comments:

Support

**SB-2879**

Submitted on: 3/2/2026 8:02:07 AM

Testimony for WAM on 3/2/2026 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Dean Arashiro	Individual	Support	Written Testimony Only

Comments:

Support the proposed legislation.