

STAND. COM. REP. NO.

1367

Honolulu, Hawaii

MAR 30 2007

RE: GOV. MSG. NO. 278

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committees on Economic Development and Taxation and Ways and Means, to which was referred Governor's Message No. 278, submitting for study and consideration the nomination of:

DIRECTOR OF THE DEPARTMENT OF TAXATION

G.M. No. 278      KURT K. KAWAFUCHI,  
for a term to expire 12-6-2010,

beg leave to report as follows:

Upon review of the testimony and statement submitted by the nominee, your Committees find that Kurt K. Kawafuchi has the necessary character, experience, and qualifications to serve as the Director of Taxation.

Your Committees received testimony in support of Kurt K. Kawafuchi from the Department of Defense; Department of Human Resources Development; Tax Executives Institute, Inc.; Tax Committee of the Hawaii Society of Certified Public Accountants; Hawaii Association of Public Accountants; Hawaii Society of Enrolled Agents; Hawaii State Bar Association Tax Section, and its Probate and Planning Section; Hawaii State Teachers Association; Hawaii Science and Technology Council; Hawaii Venture Capital Association; Hawaii Association of REALTORS; Retail Merchants of Hawaii; Building Industry Association of Hawaii (BIA-Hawaii); Subcontractors Association of Hawaii; and the Chinese Chamber of Commerce of Hawaii. Twelve current and former employees of Mr. Kawafuchi submitted testimony in support of his nomination; along with forty-four tax practitioners, including certified public



accountants, attorneys, and others; and an additional two dozen business people, colleagues, and friends.

Kurt K. Kawafuchi has served as Director of Taxation since February 2003, and is responsible for all aspects of tax administration, including audits, collections, criminal tax investigations, legislation, administrative guidance, operations, taxpayer services, and research and planning. Prior to this, Mr. Kawafuchi was Supervisor, Tax Division, State of Hawaii Department of the Attorney General from 1999 to 2003; a tax attorney with Goodsill Anderson Quinn & Stifel from 1994 to 1999; and with Damon Key Bocken Leon & Kupchak from 1992 to 1994. He also served as Trial Attorney, United States Department of Justice, Tax Division, Washington, D.C., from 1986 to 1992.

A graduate of the University of Redlands, Mr. Kawafuchi holds a LL.M. in Taxation from Georgetown University Law Center, and a J.D. and M.B.A. from Santa Clara University. He is licensed to practice as an attorney and as a certified public accountant in both Hawaii and California, and is a Certified Specialist in Taxation Law in California.

In a lengthy written statement, Mr. Kawafuchi responded to questions from your Committees on a range of tax-related issues. He stressed his commitment to a Department that is efficient, service-oriented, and fair to taxpayers and practitioners, and outlined Department efficiencies to meet this commitment. He discussed his qualifications, his experiences during his first term, and his goals for the future. Mr. Kawafuchi also cited the work of the employees of the Department and outlined his response to the need for increased staffing.

Your Committees received testimony in strong support of Mr. Kawafuchi's professional qualifications from dozens of Hawaii tax practitioners. They stressed his commitment, his integrity, and his willingness to work with them in implementing new or revised tax law provisions. Your Committees also heard many favorable comments from former and current employees about his role as a mentor, educator, and "cheerleader" for staff working in a stressful environment with an often unhappy public.

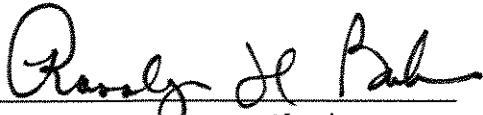
While your Committees may not always agree with Mr. Kawafuchi on tax policy implementation, Committee members commend him for his accessibility and his commitment to the collaborative process of crafting tax laws for the benefit of Hawaii taxpayers.



Your Committees do agree with the comment of one testifier, that Kurt Kawafuchi "exemplifies the concept of public service" in his role as Director of Taxation.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Ways and Means that are attached to this report, your Committees, after full consideration of the background, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommend that the Senate advise and consent to the nomination.

Respectfully submitted on  
behalf of the members of the  
Committees on Economic  
Development and Taxation and  
Ways and Means,



ROSALYN H. BAKER, Chair




CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes of the  
 Committee on Economic Development and Taxation  
 EDT  
 (Advise and Consent)**

Governor's Message No.:*	Committee Referral:	Date:		
GM 278	EDT/WAM	3/16/07		
<input type="checkbox"/> The Committee is reconsidering its decision.				
The Recommendation is to:				
<input checked="" type="checkbox"/> Advise and Consent (2340) <input type="checkbox"/> Not Advise and Consent (2345)				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, CAROL (C)	✓			
ESPERO, WILL (VC)	✓			
ENGLISH, J. KALANI	✓			
IGE, DAVID Y.				✓
SLOM, SAM	✓			
<b>TOTAL</b>	4			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one Governor's Message per Record of Votes

The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes of the  
Committee on Ways and Means  
WAM  
(Advise and Consent)**

Governor's Message No.:* <b>GM 278</b>	Committee Referral: <b>EDT/WAM</b>	Date: <b>3/16/07</b>		
<input type="checkbox"/> The Committee is reconsidering its decision.				
The Recommendation is to:				
<input checked="" type="checkbox"/> Advise and Consent (2340) <span style="margin-left: 150px;"><input type="checkbox"/> Not Advise and Consent (2345)</span>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, ROSALYN H. (C)	/			
TSUTSUI, SHAN S. (VC)	/			
CHUN OAKLAND, SUZANNE	/			
ENGLISH, J. KALANI	/			
FUKUNAGA, CAROL	/			
HOOSER, GARY L.				/
KIM, DONNA MERCADO				/
MENOR, RON	/			
TOKUDA, JILL N.	/			
HEMMINGS, FRED	/			
WHALEN, PAUL				/
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>3</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 150px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one Governor's Message per Record of Votes