

JAN 24 2013

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**A BILL FOR AN ACT**

RELATING TO BOARDS OF REVIEW.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 232-6, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§232-6 Appointment, removal, compensation.** There is  
4 created a board of review for each taxation district.  
5 Additional boards may be created in any taxation district by the  
6 director of taxation where the number of disputes to be decided  
7 by the board or boards of the respective taxation district  
8 exceeds the number of disputes that can be reasonably decided  
9 within one year. Each taxation district shall have no more than  
10 three boards. Each board shall consist of five members who  
11 shall be citizens of the State and residents of the district for  
12 which the board is appointed, shall have resided at the time of  
13 appointment for at least three years in the State, and shall be  
14 appointed and be removable by the governor as provided in  
15 section 26-34. The governor shall designate a member of each  
16 board to act as chairperson thereof. In addition, the governor  
17 shall designate a member of each board to act as vice  
18 chairperson who shall serve as the chairperson of the board

1 during the temporary absence from the State, illness, or  
2 disqualification of the chairperson. Any vacancy in any board  
3 shall be filled for the unexpired term. Each member shall  
4 receive and be paid out of the treasury compensation for the  
5 member's services at the rate of \$10 per day for each day's  
6 actual attendance and the member's actual traveling expenses.  
7 No officer or employee of the State shall be eligible for  
8 appointment to any such board."

9 SECTION 2. Section 232-7, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 **"§232-7 Boards of review; duties, powers, procedure**  
12 **before.** (a) The board of review for each district shall hear  
13 informally all disputes between the assessor and any taxpayer in  
14 all cases in which appeals have been duly taken and the fact  
15 that a notice of appeal has been duly filed by a taxpayer shall  
16 be conclusive evidence of the existence of a dispute; provided  
17 that this provision shall not be construed to permit a taxpayer  
18 to dispute an assessment to the extent that it is in accordance  
19 with the taxpayer's return.

20 (b) Each board shall hold public meetings at some central  
21 location in its taxation district, commencing not later than  
22 April 9 of each year and shall hear, as speedily as possible,  
23 all appeals presented for each year. A taxpayer's identity and

1 final documents submitted in support or opposition of an appeal  
2 shall be public information; provided that an individual  
3 taxpayer is authorized to redact all but the last four digits of  
4 the taxpayer's social security number from any accompanying tax  
5 return. Each board shall have the power and authority to decide  
6 all questions of fact and all questions of law, excepting  
7 questions involving the Constitution or laws of the United  
8 States, necessary to the determination of the objections raised  
9 by the taxpayer in the notice of appeal; provided that no board  
10 shall have power to determine or declare an assessment illegal  
11 or void. Without prejudice to the generality of the foregoing,  
12 each board shall have power to allow or disallow exemptions  
13 pursuant to law whether or not previously allowed or disallowed  
14 by the assessor and to increase or lower any assessment.

15 (c) The board shall base its decision on the evidence  
16 before it, and, as provided in section 231-20, the assessment  
17 made by the assessor shall be deemed prima facie correct. The  
18 board shall file with the assessor concerned its decision in  
19 writing on each appeal decided by it, and a certified copy of  
20 the decision shall be furnished by the assessor to the taxpayer  
21 concerned by delivery or by mailing the copy addressed to the  
22 taxpayer's last known place of residence.

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1 (d) Each board and each member thereof in addition to all  
2 other powers shall also have the power to subpoena witnesses,  
3 administer oaths, examine books and records, and hear and take  
4 evidence in relation to any subject pending before the board.  
5 The tax appeal court shall have the power, upon request of the  
6 boards, to enforce by proper proceedings the attendance of  
7 witnesses and the giving of testimony by them, and the  
8 production of books, records, and papers at the hearings of the  
9 boards.

10 (e) In the event there exists more than one board of  
11 review in a taxation district, the chair of one of the other  
12 boards within the same taxation district may administratively  
13 and without requirement of formal action of that chair's board,  
14 temporarily assign a member of that board to serve as a  
15 substitute member of the requesting board for purposes of  
16 establishing a quorum at a designated meeting or designated  
17 meetings of the requesting board. The substitute member  
18 temporarily assigned under this subsection shall serve only for  
19 the specific board meeting or meetings for which the assignment  
20 is made and only so long as a quorum may not be maintained by  
21 the board to which the substitute member is assigned. During  
22 the period of the substitute member's assignment, the substitute  
23 member may participate in the discussion of and vote on all

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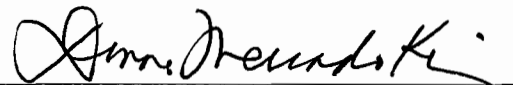
1 matters before the board. Nothing herein shall prevent a member  
2 from again being assigned under this subsection."

3 SECTION 3. This Act does not affect rights and duties that  
4 matured, penalties that were incurred, and proceedings that were  
5 begun before its effective date.

6 SECTION 4. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act, upon its approval, shall take effect  
9 on July 1, 2013.

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INTRODUCED BY: 

BY REQUEST

SB. NO. 1191

**Report Title:**

Taxation District: Boards of Review

**Description:**

Allows for up to three boards of review per taxation district and allows members of one board to be temporarily assigned to another board within the same district for purposes of establishing quorum.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Taxation.

TITLE: A BILL FOR AN ACT RELATING TO BOARDS OF REVIEW.

PURPOSE: Allows for up to three boards of review per taxation district and allows members of one board to be temporarily assigned to another board within the same district for purposes of establishing quorum.

MEANS: Amend section 232-6 and section 232-7, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Currently, there are more than 200 cases pending review by the Boards of Review. Although internal processes need to be streamlined to address this backlog of cases, due to the number of cases, additional Boards will need to be created to assist with providing a hearing for each of these cases.

Board members are volunteers, many of whom work full-time. Creation of additional Boards and allowing for the substitution of Board members, will help to ensure that cases before the Board can be addressed in a timely fashion.

Impact on the public: The proposed changes will support the Department's efforts to reduce the time taxpayers must wait to have their cases heard by the Board of Review.

Impact on the department and other agencies: Reducing the backlog of cases pending a Board of Review hearing will enable the Department to dispose of pending cases and collect outstanding tax assessments.

GENERAL FUND: Pending.

OTHER FUNDS:                   None.

PPBS PROGRAM  
DESIGNATION:                   None.

OTHER AFFECTED  
AGENCIES:                   None.

EFFECTIVE DATE:               July 1, 2013.