

STAND. COM. REP. NO. 625-22

Honolulu, Hawaii

FEB 18 , 2022

RE: H.B. No. 1828  
H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 1828, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE TAXATION BOARD OF REVIEW,"  
begs leave to report as follows:

The purpose of this measure is to make various amendments related to the Taxation Board of Review, including:

- (1) Reducing the membership from ten members to three, with at least two required for quorum;
- (2) Establishing that the members are full-time employees, with compensation based on a percentage of the salary of the Director of Taxation;
- (3) Authorizing members to validate the board's actions with a concurrence of the majority;
- (4) Clarifying that board meetings are contested case hearings and specifying notice requirements; and
- (5) Appropriating funds for the Department of Taxation to establish three full-time equivalent Taxation Board of Review members and two full-time equivalent staff positions.



Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that establishing a paid professional Taxation Board of Review (Board) with robust institutional support will greatly help the Department of Taxation work through the significant backlog of appeals, thereby ensuring that Hawaii taxpayers have tax appeal issues resolved fairly and expeditiously.

Your Committee further finds that the existing law is silent on the number of Board members necessary to validate an action of the Board, such as issuing an official decision. As a result, the Board must follow section 92-15, Hawaii Revised Statutes, which provides that validation requires a majority of all the members to which the Board is entitled. However, this establishes an unusual dilemma in which only three members must be present for quorum, but six members are needed to validate Board actions. By clarifying the requisite number of members needed to validate a Board action as a majority of all members present and constituting quorum, as this measure proposes, tax appeals will be heard and resolved more expeditiously.

Your Committee additionally finds that further clarifications in the legal and evidentiary framework are needed to improve efficiencies in the appeals system.

Your Committee has amended this measure by:

- (1) Clarifying that the Vice Chair of the Taxation Board of Review shall serve as the Chairperson during the Chairperson's temporary inability to act due to recusal; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of



H.B. No. 1828, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1828, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary &  
Hawaiian Affairs,



MARK M. NAKASHIMA, Chair



