STAND. COM. REP. NO.

Honolulu, Hawaii

FEB 13 , 2025

RE: H.B. No. 1152

H.D. 1

Honorable Nadine K. Nakamura Speaker, House of Representatives Thirty-Third State Legislature Regular Session of 2025 State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.B. No. 1152 entitled:

"A BILL FOR AN ACT RELATING TO TAX ADMINISTRATION,"

begs leave to report as follows:

The purpose of this measure is to permanently exempt the following positions from civil service:

- (1) The software developer supervisor in the Department of Taxation; and
- (2) The data privacy officer and tax business analysts in the Office of the Director of Taxation.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the Department of Taxation is working to modernize the State's tax filing system. Your Committee also finds that the Department of Taxation is seeking to join the Internal Revenue Service Direct File Program in 2026 and reduce reliance on third-party vendor services to implement complex system changes. Your Committee further finds that the software developer supervisor position is hard to retain in the

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State's employment because the private sector provides highly competitive offers for that type of position. Your Committee believes that this measure will support the efforts of the Department of Taxation to modernize the State's tax filing system by exempting these positions from civil service, which will help to attract specialized and experienced candidates.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1152, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Labor,

ACKSON D. SAYAMA, Chair

State of Hawaii House of Representatives The Thirty-third Legislature

HSCR 538

Record of Votes of the Committee on Labor

Bill/Resolution No.: HB 1152	Committee Referral: LAB, FIN	Date	2/11/	25
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SAYAMA, Jackson D. (C)	X			
		Si. Spierica		
2. LEE, Mike (VC)	L X	early w		
3. GARRETT, Andrew Takuya	X	librer i marketa		Small Company of the Company
A VADELA LOSSO				
4. KAPELA, Jeanne			The state of the s	
5. KONG, Sam Satoru	<u> </u>			
		14 Table 1851		
6. REYES ODA, Julie	4			**************************************
TOTAL (6)	G			
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				