

Honolulu, Hawaii

**MAR 19 2025**

RE: H.B. No. 1174  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B.  
No. 1174, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE PROCEDURE FOR PAYMENT  
UNDER PROTEST LAWSUITS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow for the interest earned on payments under protest  
in the Litigated Claims Fund to be paid in nontaxation  
cases if the claimant prevails; and
- (2) Establish a procedure for the disposition of moneys and  
refiling of actions when a payment under protest suit is  
filed prematurely.

Your Committee received testimony in support of this measure  
from one individual.

Your Committee received comments on this measure from the Tax  
Foundation of Hawaii.

Your Committee finds that in *Grace Business Development  
Corporation v. Kamikawa*, 92 Hawai'i 608, 994 P.2d 540 (2000), the  
Hawaii Supreme Court held that if a taxpayer pays money under



protest but then sues for a refund before the defendant agency has formally taken a position on whether the money is due, the appeal is to be dismissed. However, if the agency later decides that the money is indeed due, it is usually too late for the suit to be refiled, potentially allowing the agency to keep the disputed moneys as a government realization without allowing the taxpayer to obtain a judicial ruling on the merits of the exaction. This measure will prevent the possibility of injustice by adding procedural safeguards to ensure that the courts will be able to reach the merits of the dispute.

Your Committee has amended this measure by making it effective upon its approval.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1174, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1174, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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



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KARL RHOADS, Chair



**Record of Votes  
Committee on Judiciary  
JDC**

\*Only one measure per Record of Votes