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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1150, Relating to Tax Collections.

BEFORE THE:

House Committee on Judiciary & Hawaiian Affairs

DATE: Thursday, February 13, 2025

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 325

Chair Tarnas, Vice-Chair Poepoe, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following testimony in support of H.B. 1150, an Administration measure, for your consideration.

H.B. 1150 makes various amendments to title 14, Hawaii Revised Statutes (HRS), by adding subsections to the respective statutes of limitations on collections by DOTAX for the following taxes:

- Income Tax (HRS § 235-111)¹;
- General Excise Tax (HRS § 237-40);
- Transient Accommodations Tax (HRS § 237D-9);
- Use Tax (HRS § 238-7);
- Fuel Tax (HRS § 243-14);
- Conveyance Tax (HRS § 247-6.5); and

¹ These amendments would also apply to other taxes administered by DOTAX, including but not limited to the public service company tax, franchise tax, and tobacco tax. See, e.g., HRS § 245-11 (making provisions of chapter 235 and 237, HRS, relating to the collection of taxes applicable to the tobacco tax).

- Rental Motor Vehicle, Tour Vehicle, and Car-Sharing Vehicle Surcharge Tax (HRS § 251-8).

These amendments suspend the statute of limitations on collections during the period an assessment is pending on appeal before the Taxation Board of Review or Tax Appeal Court.

Due to a backlog of cases pending in the Taxation Board of Review and Tax Appeal Court, the 15-year statute of limitations on certain collection activities has expired or will soon expire for a number of assessments currently pending on appeal. Because taxpayers currently are not required to pay an assessed tax to file a tax appeal with the Taxation Board of Review or Tax Appeal Court, and because collection activities are stayed during the pendency of those appeals, decisions and court judgments filed after the statute of limitations expire risk being uncollectible. Additionally, for lengthy appeals that are not resolved within 15 years, the statutes of limitation would prevent vigorous enforcement and collection of debts in cases where DOTAX prevails. This measure prevents taxpayers from appealing their debts as a way to “run out the clock” on collections by extending the collection window during the time an appeal is pending.

This measure would become effective upon approval and would suspend the statute of limitations on collections of assessments that were on appeal before the effective date of the Act, from the filing date of the notices of appeal to the conclusion, dismissal, or withdrawal of the appeal.

Thank you for the opportunity to provide comments in support of this measure.

TAX FOUNDATION OF HAWAII

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SUBJECT: NET INCOME, GENERAL EXCISE, TRANSIENT ACCOMMODATIONS, USE, CONVEYANCE, RENTAL MOTOR VEHICLE SURCHARGE; Collection of Taxes; Statute of Limitations

BILL NUMBER: SB 1469, HB 1150

INTRODUCED BY: SB by KOUCHI by request, HB by NAKAMURA by request (Governor's Package)

EXECUTIVE SUMMARY: Suspends the statute of limitations on collections during the period an assessment is pending on appeal before the taxation board of review or tax appeal court.

SYNOPSIS: Amends section 235-111, HRS (net income tax), to provide that the fifteen-year statute of limitations on collection of assessed taxes is suspended for the period in which an appeal of the assessment is pending before the taxation board of review or the tax appeal court.

Makes corresponding amendments to the statutes governing other tax types, namely sections 237-40 (general excise tax), 237D-9 (transient accommodations tax), 238-7 (use tax), 243-14 (fuel tax), 247-6.5 (conveyance tax), and 251-8 (rental motor vehicle and tour vehicle surcharge tax), HRS.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Taxation and designated TAX-06 (25).

The relief sought by DOTAX is similar to that provided in section 6503(a)(1) of the Internal Revenue Code, which provides that the statute of limitations on collection is suspended for the period during which the Internal Revenue Service is prohibited from collecting the tax and for 60 days thereafter.

Digested: 2/2/2025

HB-1150

Submitted on: 2/12/2025 4:31:15 AM

Testimony for JHA on 2/13/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Luis Ma	Individual	Oppose	Written Testimony Only

Comments:

I am here to share my concerns about the practice of gender affirmations for children. This is an issue that I believe requires careful consideration, as it has profound implications for the well-being of our youth, the role of parents, and the future of our society

While I understand the desire to support children who may be struggling with their identity, I believe that rushing to affirm a child's gender without thorough evaluation can lead to unintended and irreversible consequences.

1. Children Are Not Fully Developed

Children and adolescents are in a critical stage of cognitive and emotional development. Their brains are not yet fully formed, and their ability to understand complex, long-term decisions is limited. What a child feels at age 8, 12, or even 16 may not reflect their true identity in adulthood. By affirming a child's gender identity too quickly, we risk making life-altering decisions based on what could be a temporary phase or a response to external influences.

2. The Risk of Social Contagion

There is growing evidence that social and peer influences play a significant role in how children perceive their gender identity. The rapid increase in the number of young people identifying as transgender or nonbinary has raised concerns about the role of social media, peer groups, and cultural trends in shaping these decisions. Affirming a child's gender identity without addressing these influences could lead to decisions that are not truly reflective of their innate sense of self.

3. Mental Health Concerns

Many children who experience gender dysphoria also struggle with underlying mental health issues, such as anxiety, depression, or trauma. Instead of immediately affirming their gender identity, we should prioritize addressing these mental health challenges. Affirming a child's gender without addressing these issues first may mask the root causes of their distress and delay appropriate treatment.

4. Lack of Long-Term Evidence

The long-term effects of gender-affirming interventions, such as puberty blockers, cross-sex hormones, and surgeries, are not yet fully understood. These treatments can have irreversible consequences, including infertility, sexual dysfunction, and other health complications. We are essentially conducting a large-scale experiment on our children without fully understanding the risks involved. This is not responsible medicine.

5. The Role of Parents

Parents are the primary caregivers and advocates for their children. Yet, in many cases, parents are being sidelined or even excluded from decisions about their child's gender identity. Schools, healthcare providers, and government policies are increasingly making decisions without parental consent, undermining the rights of families to guide their children's upbringing. This is not only disrespectful to parents but also harmful to the child, who benefits from the love and guidance of their family.

6. Stories of Regret

We cannot ignore the growing number of detransitioners—individuals who underwent gender transitions and later regretted their decisions. Many of these individuals were encouraged to transition at a young age, only to realize later that their gender dysphoria was a symptom of other issues, such as trauma, mental illness, or societal pressures. Their stories are a powerful reminder of the need for caution and thorough evaluation before affirming a child's gender identity.

Conclusion

I am not here to deny that some children experience genuine gender dysphoria or to suggest that we should ignore their struggles. However, I firmly believe that we must approach this issue with caution, compassion, and a commitment to evidence-based care. Affirming a child's gender identity without addressing the underlying factors, respecting parental rights, and considering the long-term consequences is not in the best interest of the child.

We owe it to our children to protect their physical and emotional well-being, to respect the role of parents, and to ensure that any decisions made about their future are based on sound science and careful consideration. Thank you for your time, and I urge you to take these concerns seriously as we work to create policies that truly serve the best interests of our children.

This testimony is written from the perspective of someone opposed to child gender affirmations. It is important to note that this is a highly debated topic, and there are strong arguments on both sides. If you are preparing to deliver such testimony, it is crucial to base your statements on credible sources and to approach the issue with empathy and respect for all perspectives.