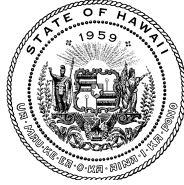


JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 979, H.D.1, Related to Summary Possession.

BEFORE THE:

House Committee on Judiciary & Hawaiian Affairs

DATE: Wednesday, February 19, 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 comments regarding H.B. 979, H.D.1, for your consideration.

H.B. 979, H.D. 1, amends chapter 666, Hawaii Revised Statutes (HRS) by adding a new section requiring persons and entities filing summary possession complaints (eviction proceedings) for the failure to pay rent to include the general excise tax number used for rental income in the filing. Complaints that do not include this information are required to be dismissed.

The bill also requires the judiciary to submit an annual list to DOTAX of all summary possession cases filed with the courts. This list will include the case number, name of the person or entity seeking possession of the property, general excise tax number if any, and the date the complaint was filed.

The measure has a defective effective date of July 1, 3000.

If this bill is passed with an effective date, DOTAX has no issue with the measure. Thank you for the opportunity to provide comments on this measure.



The Judiciary, State of Hawai'i

Testimony to the Thirty-Third State Legislature, 2025 Session

House Committee on Judiciary & Hawaiian Affairs

Representative David A. Tarnas, Chair
Representative Mahina Poepoe, Vice Chair

Wednesday, February 19, 2025, 2:00 p.m.

By:

Michelle D. Acosta
Deputy Chief Court Administrator
District Court of the First Circuit

WRITTEN TESTIMONY ONLY

Bill No. and Title: House Bill No. 979, H.D. 1, – Relating to Summary Possession

Purpose: Requires that a current general excise tax license number for any rental income be filed with the complaint to the court for summary possession proceedings. Requires the Judiciary to submit an annual list of certain information regarding summary possession cases to the Department of Taxation. Effective 7/1/3000.

Judiciary's Position:

The Judiciary takes no position on the intent of House Bill No. 979, H.D. 1, but would like to submit testimony on system and operational impacts. The Judiciary's existing case management system (Judiciary Information Management System or "JIMS") does not have a database field or table for General Excise Tax data and changes will require software development time and resources. The Judiciary's Information Technology System Department (ITSD) will need time to develop the system modifications. Should the requirement take effect prior to being able to make database changes, the court staff will have to track this data manually, which would not be operationally feasible. Therefore, the Judiciary respectfully requests an effective date of July 1, 2026 or later.

Thank you for the opportunity to testify on this measure.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice

Support for HB979 HD1 – Relating to Summary Possession

House Committee on Judiciary

Wednesday, February 19, 2025 at 2:00 PM Conf. Rm. 325 and via Videoconference

Aloha Chair Tarnas, Vice Chair Poepoe, and members of the committee;

Mahalo for the opportunity to testify in **strong support of HB979 HD1**, which would require landlords to provide a current General Excise Tax (GET) license number when filing a complaint for summary possession (eviction) due to nonpayment of rent. This bill is a critical step in addressing the issue of noncompliant landlords.

Currently, there are landlords in Hawai'i who fail to register for a GET License and avoid tax obligations associated with their rental properties. These landlords often:

- Rent units informally, without written leases or clear rental agreements.
- Fail to report rental income, leading to lost tax revenue that could be used for public services.

By using informal rental agreements, these landlords are able to operate outside of our legal framework and bypass Hawaii's landlord-tenant code. This leaves tenants vulnerable to unsafe living conditions, exploitative rental practices, and unlawful evictions without due process. Extensive research has shown that housing instability as a result of these situations leads to significant adverse impacts related to health and economic mobility.¹

HB979 HD1 promotes legal, transparent, and fair rental landlord practices by requiring landlords to verify their GET license before utilizing the courts for eviction due to nonpayment of rent. This measure will prevent landlords from using the legal system and state resources to enforce evictions while they themselves evade their own legal responsibilities to their tenants and financial obligation to the state. By ensuring landlords are in compliance, tenants gain better protections and greater housing stability.

We urge this committee to support HB979 HD1, which would strengthen Hawaii's rental market by ensuring that landlords adhere to both taxation and tenant protection laws.

Mahalo for the opportunity to testify in support of this bill.

¹ <https://tobin.yale.edu/research/eviction-and-poverty-american-cities>

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Summary Possession; GET license

BILL NUMBER: HB 979 HD 1

INTRODUCED BY: House Committee on Consumer Protection & Commerce

EXECUTIVE SUMMARY: Requires that a current GET license number for any rental income be filed with the complaint to the court for summary possession proceedings. Requires the judiciary to submit an annual list of certain information regarding summary possession cases to the department of taxation.

SYNOPSIS: Adds a new section to chapter 666, HRS, providing that the person or entity seeking possession of premises for failure to pay rent shall include in the complaint filed with the court the current general excise tax license number used for rental income earned from the premises. If the complaint does not include that information, then the complaint shall be dismissed.

Requires the judiciary to submit an annual list of summary possession cases filed with the courts to the department of taxation, with specified information.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: Requiring a current GET license number to obtain a landlord's remedy appears to be appropriate and easy to comply with.

Digested: 2/17/2025

DAVID W.H. CHEE

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February 18, 2025

Ways and Means Committee

Senator Donavan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Committee on Judiciary

Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair

RE: SB825 Re Summary Possession

Dear Senators:

I am an attorney and have practiced landlord-tenant law for over 30 years.

This legislation requires that landlords who are already cheating on their taxes to use extra-judicial means to remove their non-paying tenants.

When I attended the William S. Richardson School of Law at the University of Hawaii, one of the first introductory classes taught that one of the fundamental purposes of the judicial system was to prevent people from using extra-judicial means, i.e. taking the law into their own hands. By having a judicial system, people could resolve their differences in court and without violence. Otherwise, we would have a system of "might makes right."

This legislation will *require* landlords who do not have GET licenses to use their own non-judicial means to force their nonpaying tenants out of their property. There will be no judicial oversight over the landlord's actions since the non-GET-paying landlord will never come to the Judiciary for assistance.

The Judiciary provides necessary protections for tenants. Forcing illegal landlords to avoid the Judiciary seems a very bad idea.

Please let me know if you have any questions.

Very truly yours,

/s/ David W. H. Chee

David W. H. Chee