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TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1467, Relating to Tax Appeals

BEFORE THE:

House Committee on Judiciary & Hawaiian Affairs

DATE: Friday, March 14, 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 S.B. 1467, an Administration measure, for your consideration.

Due to ambiguous language in sections 232-5(b), 232-16(a), and 232-17, Hawaii Revised Statutes (HRS), the Director of Taxation is regularly served with notices of appeal of county taxes even when the Director of Taxation and DOTAX are not parties to the appeal and the appeal does not involve State taxes.

This bill amends sections 232-5(b), 232-16(a), and 232-17, HRS, to clarify that appellants only need to serve a copy of the notice of appeal on either the Director of Taxation or the real property assessment division of the county involved in a county tax appeal. The bill also maintains that both would need to be served in appeals involving both DOTAX and a county. The bill is effective upon approval.

This measure will help eliminate unnecessary processing and review of notices of appeal by DOTAX and the Department of the Attorney General and unnecessary printing and service of process costs incurred by taxpayers.

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

TAX FOUNDATION OF HAWAII

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SUBJECT: APPEALS, REAL PROPERTY, TRANSIENT ACCOMMODATIONS, Do Not Require Service on DOTAX for Real Property Tax Appeals

BILL NUMBER: SB 1467

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: Clarifies that a notice of appeal relating to an appeal of a county tax is not required to be served on the Director of Taxation.

SYNOPSIS: Amends section 232-5(b), HRS, to provide that the tax appeal court shall cause a copy of the notice of appeal to be served on the director of taxation for an appeal involving DOTAX; on the real property assessment division for an appeal involving the county; and on both for an appeal involving both.

Amends sections 232-16 and 232-17, HRS, to require that parties filing an appeal serve the director of taxation for an appeal involving DOTAX; on the real property assessment division for an appeal involving the county; and on both for an appeal involving both.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Taxation and designated TAX-05 (25).

This bill modernizes the appeal statutes, which were written before the real property tax was moved under county jurisdiction, to provide that the proper tax agency gets served with the copy of the notice of appeal.

Digested: 3/12/2025