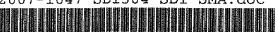
A BILL FOR AN ACT

RELATING TO ELECTRONIC FILING OF TAX RETURNS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. With the advent of increased computer use
- 2 personally and in daily business operations, electronic and
- 3 computer-based interactions with government are ever rising.
- 4 As a government agency, the department of taxation
- 5 interacts with nearly every person in Hawaii on a regular,
- 6 systematic, and in-depth basis. The department of taxation also
- 7 regularly interacts with nonresident taxpayers and mainland-
- 8 based businesses that routinely file tax information with the
- 9 department.
- 10 With the increase in out-of-state interaction with
- 11 taxpayers and the increase in use of electronic means of filing
- 12 tax information, the legislature in 1997 made electronic filing
- 13 an acceptable means of carrying out a taxpayer's obligations
- 14 under the law.
- 15 Since this law was enacted, the ability to interact
- 16 electronically has grown considerably. This growth is even
- 17 truer for businesses where almost every business has a computer
- 18 and access to the Internet.

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         The purpose of this Act is to require that the department
    of taxation, by rule, shall require electronic filing of certain
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    tax returns. This Act is a natural progression of how a
    majority, if not all, of tax filings will be made in the next
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    decade and beyond. To assure that taxpayers are provided with
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    sufficient notice and an opportunity to comment, this Act
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    requires compliance with chapter 91, Hawaii Revised Statutes.
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         The legislature, which is charged with the responsibility
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    of overseeing the effectiveness of tax incentives and the
    efficacy of the tax system as a whole, can be provided more
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    specific data on Hawaii taxes if the tax data are captured
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    electronically.
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         Finally, the legislature finds that there are certain tax
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    returns, such as fuel tax returns, tobacco tax returns, and
    other specific tax credits, that impact a very small number of
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    taxpayers, all of whom likely have computer access. Allowing
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    the department of taxation to require this small population of
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    specific taxpayers to e-file tax returns will not adversely
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    impact such taxpayers. Concomitantly, taxpayers will experience
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    a commensurate decrease in the time it takes to process a
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    return, including the processing of a tax refund.
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- 1 SECTION 2. Section 231-8.5, Hawaii Revised Statutes, is
- 2 amended to read as follows:
- 3 "[4]§231-8.5[4] Electronic filing of tax returns. The
- 4 department [may allow], by rule adopted pursuant to chapter 91,
- 5 shall require filing by electronic, telephonic, or optical means
- 6 of any tax return, application, report, or other document
- 7 required under [the provisions of] title 14 administered by the
- 8 department(-); provided that a service fee shall not be
- 9 required. The date of filing shall be the date the tax return,
- 10 application, report, or other document is transmitted to the
- 11 department in a form and manner prescribed by departmental rules
- 12 adopted pursuant to chapter 91. The department [may] shall
- 13 determine alternative methods for the signing, subscribing, or
- 14 verifying of a tax return, application, report, or other
- 15 document that shall have the same validity and consequences as
- 16 the actual signing by the taxpayer. A filing under this section
- 17 shall be treated in the same manner as a filing subject to the
- 18 penalties under section 231-39."
- 19 SECTION 3. Statutory material to be repealed is bracketed
- 20 and stricken. New statutory material is underscored.
- 21 SECTION 4. This Act shall take effect upon its approval.

Report Title:

Tax Returns; Electronic Filing

Description:

Requires that the department of taxation, by rule adopted pursuant to chapter 91, Hawaii Revised Statutes, shall require the electronic, telephonic, or optical filing of tax returns under certain conditions; provides that a service fee shall not be required. (SD1)