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# A BILL FOR AN ACT

RELATING TO SPECIAL ENFORCEMENT SECTION.

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

1 SECTION 1. Section 231-81, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~[+]~~ §231-81 ~~[+]~~ Special enforcement section; created.

4 ~~[+]~~ (a) ~~[+]~~ There is created within the department of taxation  
5 the special enforcement section to carry out civil enforcement  
6 efforts as directed by the director of taxation. The director  
7 may staff the section as the exigencies of the public service  
8 may require.

9 (b) The special enforcement section may:

10 (1) Examine all sectors of the State's economy;

11 (2) Initiate civil investigations to ensure that each  
12 person pays all state taxes that the person is  
13 required to pay; and

14 (3) Use education and enforcement to deter and prevent  
15 noncompliance with state taxation laws.

16 ~~[+(b)+]~~ (c) The department of taxation shall report to the  
17 legislature no later than thirty days prior to the convening of



1 each regular session the state resources committed to  
2 implementing [H]Act 134, Session Laws of Hawaii 2009[H] and the  
3 additional revenues raised therefor."

4 SECTION 2. Section 231-82, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "[H]§231-82[H] Special enforcement section; functions,  
7 powers, and duties. The special enforcement section shall have  
8 the following functions, powers, and duties:

9 (1) Investigate reported or suspected violations of tax  
10 laws for civil enforcement purposes, including through  
11 covert means[, with a stated priority of investigating  
12 cash-based businesses as defined in section 231-93];

13 (2) Enforce the tax laws by issuing, enforcing, or  
14 executing citations, fines, infractions, assessments,  
15 liens, levies, writs, warrants, injunctions, or other  
16 process;

17 (3) Serve as fraud referral specialists to assist in the  
18 development and review of fraud cases for appropriate  
19 disposition of potentially fraudulent activities,  
20 including referral to criminal investigators and  
21 assessment of civil fraud penalties; provided that



- 1 personnel assigned to the special enforcement section  
2 may not participate in any criminal investigation;
- 3 (4) Organize and hold public informational meetings on  
4 issues of tax laws, including compliance deficiencies  
5 in segments of the economy, and undertake any other  
6 activities to encourage taxpayers, practitioners, or  
7 others to maintain responsibility and compliance with  
8 their tax obligations;
- 9 (5) Coordinate with other sections or divisions within the  
10 department of taxation, other departments or branches  
11 of the state government, any branches of the county  
12 government, or the federal government on matters  
13 relating to civil enforcement of the tax laws,  
14 including joint investigations, information-sharing  
15 arrangements, or concurrent collection efforts;  
16 provided that personnel assigned to the special  
17 enforcement section may not participate in any  
18 criminal investigation;
- 19 (6) Compile information received by third parties,  
20 including taxpayers, competitors, government agencies,  
21 confidential sources, or public sources and delegate



1           this information within the department for proper  
2           handling. Proper handling may include referral  
3           internally to other civil or criminal enforcement  
4           sections;

5           (7) Conduct investigations, research, and studies of  
6           matters relevant to the complex or sensitive civil  
7           enforcement of the tax laws; [~~and~~]

8           (8) Refer and recommend to appropriate auditors within the  
9           department cases or segments of the economy for  
10           audits; and

11          [~~+8~~] (9) Perform [~~such~~] any other acts as may be  
12           incidental to the exercise of the functions, powers,  
13           and duties set forth in this section or as otherwise  
14           directed by the director of taxation."

15          SECTION 3. Statutory material to be repealed is bracketed  
16          and stricken. New statutory material is underscored.

17          SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

Department of Taxation; Special Enforcement Section; Powers

**Description:**

Amends the purpose and duties of the special enforcement section of the Department of Taxation. Effective 7/1/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

