

JAN 21 2022

A BILL FOR AN ACT

RELATING TO THE 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 is authorized to
10 examine any sector of Hawaii's economy and initiate civil
11 investigations in order to ensure all taxpayers pay their fair
12 share of taxes, and through enforcement, education, and
13 deterrence prevent non-compliance with Hawaii's tax laws.

14 ~~§(b)~~ (c) The department of taxation shall report to the
15 legislature no later than thirty days prior to the convening of
16 each regular session the state resources committed to



1 implementing [+]Act 134, Session Laws of Hawaii 2009[+] and the
2 additional revenues raised therefor."

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

5 "[+]§231-82[+] **Special enforcement section; functions,**
6 **powers, and duties.** The special enforcement section shall have
7 the following functions, powers, and duties:

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

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

16 (3) Serve as fraud referral specialists to assist in the
17 development and review of fraud cases for appropriate
18 disposition of potentially fraudulent activities,
19 including referral to criminal investigators and
20 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]

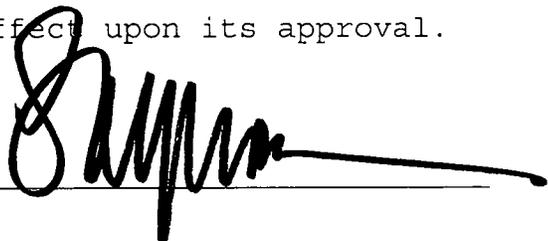
8 (8) Refer and recommend cases or examination of any
9 segment of the economy to the office audit and field
10 audit branches of the department of taxation for
11 auditing; and

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

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 Statutory material to be repealed is bracketed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

18 SECTION 4. This Act shall take effect upon its approval.

19

INTRODUCED BY: 



S.B. NO. 2379

Report Title:

Special Enforcement Section; Department of Taxation

Description:

Allows the special enforcement section to examine any sector of Hawaii's economy, initiate civil investigations, and refer and recommend cases or examinations of segments of the economy to the Office Audit and Field Audit branches of the Department of Taxation for auditing.

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