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# 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 may examine any sector  
10 of Hawaii's economy; initiate civil investigations to ensure all  
11 taxpayers pay all taxes due; and use enforcement and education  
12 to deter and prevent non-compliance with Hawaii's tax laws.

13 [~~+(b)+~~] (c) The department of taxation shall report to the  
14 legislature no later than thirty days prior to the convening of  
15 each regular session the state resources committed to  
16 implementing [~~+~~]Act 134, Session Laws of Hawaii 2009[~~+~~] and the  
17 additional revenues raised therefor."



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

3 "[~~§~~231-82~~§~~] **Special enforcement section; functions,**  
4 **powers, and duties.** The special enforcement section shall have  
5 the following functions, powers, and duties:

- 6 (1) Investigate reported or suspected violations of tax  
7 laws for civil enforcement purposes, including through  
8 covert means [~~, with a stated priority of investigating~~  
9 ~~cash-based businesses as defined in section 231-93;~~];
- 10 (2) Enforce the tax laws by issuing, enforcing, or  
11 executing citations, fines, infractions, assessments,  
12 liens, levies, writs, warrants, injunctions, or other  
13 process;
- 14 (3) Serve as fraud referral specialists to assist in the  
15 development and review of fraud cases for appropriate  
16 disposition of potentially fraudulent activities,  
17 including referral to criminal investigators and  
18 assessment of civil fraud penalties; provided that  
19 personnel assigned to the special enforcement section  
20 may not participate in any criminal investigation;



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



1 internally to other civil or criminal enforcement  
2 sections;

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

6 (8) Refer and recommend cases regarding, or examination  
7 of, any segment of the economy to appropriate auditors  
8 within the department for auditing; and

9 (9) Perform such other acts as may be incidental to the  
10 exercise of the functions, powers, and duties set  
11 forth in this section or as otherwise directed by the  
12 director of taxation."

13 SECTION 3. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

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



**Report Title:**

Special Enforcement Section; DOTAX

**Description:**

Authorizes the Special Enforcement Section of the Department of Taxation 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 auditors within the Department for auditing. (SD2)

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

