

ACT 79

S.B. NO. 2379

A Bill for an Act Relating to the Special Enforcement Section.

Be It Enacted by the Legislature of the State of Hawaii:

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

“~~[[~~§231-81~~]]~~ Special enforcement section; created. ~~[[~~(a)~~]]~~ There is created within the department of taxation the special enforcement section to carry out civil enforcement efforts as directed by the director of taxation. The director may staff the section as the exigencies of the public service may require.

~~(b)~~ The special enforcement section may:

(1) Examine any sector of the State's economy;

(2) Initiate civil investigations to ensure that each taxpayer pays all taxes that the taxpayer is required to pay; and

(3) Use enforcement and education to deter and prevent non-compliance with state taxation laws.

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

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

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

- (1) Investigate reported or suspected violations of tax laws for civil enforcement purposes, including through covert means~~[, with a stated priority of investigating cash-based businesses as defined in section 231-93];~~
- (2) Enforce the tax laws by issuing, enforcing, or executing citations, fines, infractions, assessments, liens, levies, writs, warrants, injunctions, or other process;
- (3) Serve as fraud referral specialists to assist in the development and review of fraud cases for appropriate disposition of potentially fraudulent activities, including referral to criminal investigators and assessment of civil fraud penalties; provided that personnel assigned to the special enforcement section may not participate in any criminal investigation;
- (4) Organize and hold public informational meetings on issues of tax laws, including compliance deficiencies in segments of the economy, and undertake any other activities to encourage taxpayers, practitioners, or others to maintain responsibility and compliance with their tax obligations;
- (5) Coordinate with other sections or divisions within the department of taxation, other departments or branches of the state government, any branches of the county government, or the federal government on matters relating to civil enforcement of the tax laws, including joint investigations, information-sharing arrangements, or concurrent collection efforts; provided that personnel assigned to the special enforcement section ~~[may]~~ shall not participate in any criminal investigation;

- (6) Compile information received by third parties, including taxpayers, competitors, government agencies, confidential sources, or public sources and delegate this information within the department for proper handling. Proper handling may include referral internally to other civil or criminal enforcement sections;
- (7) Conduct investigations, research, and studies of matters relevant to the complex or sensitive civil enforcement of the tax laws; ~~and~~
- (8) Refer and recommend cases regarding, or examination of, any segment of the economy to appropriate auditors within the department for auditing; and
- [(8)] (9) Perform ~~such~~ any other acts as may be incidental to the exercise of the functions, powers, and duties set forth in this section or as otherwise directed by the director of taxation.”

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

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

(Approved June 17, 2022.)