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# 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.



1           The purpose of this Act is to require that the department  
2 of taxation, by rule, shall require electronic filing of certain  
3 tax returns. This Act is a natural progression of how a  
4 majority, if not all, of tax filings will be made in the next  
5 decade and beyond. To assure that taxpayers are provided with  
6 sufficient notice and an opportunity to comment, this Act  
7 requires compliance with chapter 91, Hawaii Revised Statutes.

8           The legislature, which is charged with the responsibility  
9 of overseeing the effectiveness of tax incentives and the  
10 efficacy of the tax system as a whole, can be provided more  
11 specific data on Hawaii taxes if the tax data are captured  
12 electronically.

13           Finally, the legislature finds that there are certain tax  
14 returns, such as fuel tax returns, tobacco tax returns, and  
15 other specific tax credits, that impact a very small number of  
16 taxpayers, all of whom likely have computer access. Allowing  
17 the department of taxation to require this small population of  
18 specific taxpayers to e-file tax returns will not adversely  
19 impact such taxpayers. Concomitantly, taxpayers will experience  
20 a commensurate decrease in the time it takes to process a  
21 return, including the processing of a tax refund.



1 SECTION 2. Section 231-8.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[+]§231-8.5[+] **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)

