
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. Section 231-3.4, Hawaii Revised Statutes, is
3 amended to read as follows:

4 "[+]§231-3.4[+] Publication of reports. (a) The
5 department of taxation shall publish reports on the following:

- 6 (1) Hawaii income patterns--individuals;
7 (2) Hawaii income patterns--corporations, proprietorships,
8 and partnerships; and
9 (3) Tax credits.

10 (b) The department shall make each of these reports
11 available in both paper form and commonly accessible electronic
12 forms [~~for a reasonable fee~~].

13 (c) The department of taxation shall report to the
14 legislature no later than twenty days prior to the convening of
15 each regular session; provided that on or before December 31,
16 2012, the department shall report to the legislature on:

- 17 (1) The resources and information needed to complete the
18 reports required under subsection (a) (3);



- 1 (2) An identification of the best means of providing
2 information in an electronic format in the future; and
3 (3) Recommendations for additional information that may be
4 required for inclusion in the reports as the
5 department upgrades its tax computer systems and
6 associated enterprise resource planning
7 implementation.

8 [~~b~~] (d) The department [~~shall~~] may explore and implement
9 all reasonable methods of covering the costs of [~~publication~~
10 ~~and~~] distribution of the reports, including but not limited to:

- 11 (1) Setting reasonable fees that will cover the costs of
12 producing and distributing the reports in paper and
13 electronic form; and
14 (2) Negotiating licensing fees with commercial information
15 providers for rights to carry the reports on-line or
16 in other electronic storage methods."

17 SECTION 2. The department of taxation may establish three
18 new permanent full-time equivalent (3.0 FTE) positions and one
19 new temporary full-time equivalent (1.0 FTE) position to fulfill
20 the publication requirements pursuant to section 231-3.4, Hawaii
21 Revised Statutes.



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$104,505 or so much
3 thereof as may be necessary for fiscal year 2012-2013 for
4 additional resources and staffing support for the department of
5 taxation to complete the reports required under section 231-3.4,
6 Hawaii Revised Statutes.

7 The sum appropriated shall be expended by the department of
8 taxation for the purposes of this Act.

9 PART II

10 SECTION 4. Section 231-7.5, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "[+]§231-7.5[+] **Expedited appeals and dispute resolution**
13 **program.** (a) The department shall be authorized to implement
14 an administrative appeals and dispute resolution program that
15 shall expeditiously resolve all tax, penalty, interest, fine,
16 assessment, and other such disputes between the department and
17 the taxpayer or return preparer. The director or the director's
18 designee, who shall report directly and be answerable solely to
19 the director, shall serve as an independent appeals officer and
20 shall be authorized to compromise, settle, or otherwise resolve
21 any dispute on any basis, including hazards and costs of
22 litigation, considering equally the position of the taxpayer and



1 the department on an impartial basis. The independent appeals
2 officer shall not be influenced by any department tax compliance
3 initiatives and policies, or loss of revenue to the State.
4 Decisions of the independent appeals officer shall be in writing
5 stating the facts, analysis, and conclusions in support, which
6 shall be provided to the taxpayer and return preparer. Persons
7 who currently serve or have served in the previous five years as
8 an auditor, audit supervisor or manager, collector, collection
9 supervisor or manager, district manager or supervisor, or tax
10 compliance administrator, shall not be eligible to be the
11 director's designee.

12 (b) Notwithstanding any other law to the contrary,
13 including tax appeal procedures set forth under chapter 232, a
14 taxpayer shall be eligible to petition the department once for
15 participation in the administrative appeals and dispute
16 resolution program after issuance of a notice of proposed
17 assessment; provided that if a taxpayer has filed a tax appeal
18 with the tax appeal court or other court, the taxpayer shall
19 first be required to obtain the approval of the director and
20 permission from the respective court prior to petitioning the
21 department for participation. The director shall have the right
22 to deny a petition for cause.



1 (c) The department shall adopt procedures to carry out the
2 purposes of this section, including procedures relating to ex
3 parte communications between the director or the director's
4 designee and other department personnel to ensure that such
5 communications do not compromise or appear to compromise the
6 independence of the administrative appeals and dispute
7 resolution program.

8 (d) The director of taxation may appoint an administrative
9 appeals officer as necessary to administer this section, and
10 perform other duties as directed by the director. The
11 administrative appeals officer shall be exempt from chapter 76
12 and may be a legal or accounting professional; provided that no
13 individual appointed under this section shall render legal
14 services reserved to the attorney general under chapter 28."

15 SECTION 5. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 6. This Act shall take effect on July 1, 2012.



Report Title:

Taxation; Reports; Appropriation; Administrative Appeals Officer

Description:

Requires annual reports to the legislature; requires by 12/31/2012 a report to the legislature on the resources and information needed to complete the reports required under section 231-3.4, HRS, identification of the best means of providing information in an electronic format; and recommendations for additional information that may be required for inclusion in the reports as the department upgrades its tax computer systems and associated enterprise resource planning implementation; appropriates funds (part I); authorizes the director of taxation to appoint an administrative appeals officer (part II). (CD1)

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

