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To: The Honorable Sharon Y. Moriwaki, Chair;  
The Honorable Donovan M. Dela Cruz, Vice Chair;  
and Members of the Senate Committee on Government Operations

From: Isaac W. Choy, Director  
Department of Taxation

Date: Tuesday, February 1, 2022  
Time: 3:00 P.M.  
Place: Via Video Conference, State Capitol

**Re: S.B. 2379, Relating to the Special Enforcement Section**

The Department of Taxation (Department) strongly supports S.B. 2379 and offers the following comments for the committee's consideration.

S.B. 2379 amends sections 231-81 and 231-82, Hawaii Revised Statutes (HRS), to expand and clarify the authority of the Department's Special Enforcement Section (SES), which is charged with carrying out civil tax enforcement as authorized by the Director of Taxation. The measure authorizes SES to examine any sector of Hawaii's economy and initiate civil investigations in order to ensure all taxpayers pay their fair share of taxes, and to prevent tax non-compliance through enforcement, education, and deterrence. It also empowers SES to refer cases dealing with any segment of the economy to the Department's Office Audit and Field Audit branches. The measure is effective upon approval.

Clearly delineating and codifying the SES' legal authority would greatly help the Department's efforts to ensure compliance with state tax laws and promote fairness and transparency for Hawaii's taxpayers. The Department is in strong support of this bill and is able to implement the measure as drafted.

Thank you for the opportunity to testify.