

---

---

# 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 is authorized to  
10 examine any sector of Hawaii's economy and initiate civil  
11 investigations in order to ensure all taxpayers pay their fair  
12 share of taxes, and through enforcement, education, and  
13 deterrence prevent non-compliance with Hawaii's tax laws.

14           ~~[+(b)+]~~ (c) The department of taxation shall report to the  
15 legislature no later than thirty days prior to the convening of  
16 each regular session the state resources committed to



1 implementing [+]Act 134, Session Laws of Hawaii 2009[+] and the  
2 additional revenues raised therefor."

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

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

8 (1) Investigate reported or suspected violations of tax  
9 laws for civil enforcement purposes, including through  
10 covert means [~~with a stated priority of investigating~~  
11 ~~cash-based businesses as defined in section 231-93;~~];

12 (2) Enforce the tax laws by issuing, enforcing, or  
13 executing citations, fines, infractions, assessments,  
14 liens, levies, writs, warrants, injunctions, or other  
15 process;

16 (3) Serve as fraud referral specialists to assist in the  
17 development and review of fraud cases for appropriate  
18 disposition of potentially fraudulent activities,  
19 including referral to criminal investigators and  
20 assessment of civil fraud penalties; provided that



1 personnel assigned to the special enforcement section  
2 may not participate in any criminal investigation;

3 (4) Organize and hold public informational meetings on  
4 issues of tax laws, including compliance deficiencies  
5 in segments of the economy, and undertake any other  
6 activities to encourage taxpayers, practitioners, or  
7 others to maintain responsibility and compliance with  
8 their tax obligations;

9 (5) Coordinate with other sections or divisions within the  
10 department of taxation, other departments or branches  
11 of the state government, any branches of the county  
12 government, or the federal government on matters  
13 relating to civil enforcement of the tax laws,  
14 including joint investigations, information-sharing  
15 arrangements, or concurrent collection efforts;  
16 provided that personnel assigned to the special  
17 enforcement section may not participate in any  
18 criminal investigation;

19 (6) Compile information received by third parties,  
20 including taxpayers, competitors, government agencies,  
21 confidential sources, or public sources and delegate



1           this information within the department for proper  
2           handling. Proper handling may include referral  
3           internally to other civil or criminal enforcement  
4           sections;

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

8           (8) Refer and recommend cases or examination of any  
9           segment of the economy to the office audit and field  
10           audit branches of the department of taxation for  
11           auditing; and

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

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

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



**Report Title:**

Special Enforcement Section; Department of Taxation

**Description:**

Allows the Special Enforcement Section 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 Office Audit and Field Audit branches of the Department of Taxation for auditing. (SD1)

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

