
A BILL FOR AN ACT

RELATING TO THE AUDITOR.

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

1 SECTION 1. Section 23-5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) The auditor may examine and inspect all accounts,
4 books, records, files, papers, and documents and all financial
5 affairs of every department, office, agency, and political
6 subdivision[-], including the department of taxation; provided
7 that for examinations and inspections relating to the department
8 of taxation, the auditor shall implement internal policies to
9 protect the confidentiality of private personal information
10 contained in tax returns."

11 SECTION 2. Section 231-18, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "~~§231-18 [Federal or other tax officials]~~ Officials
14 **permitted to inspect returns; reciprocal provisions.**

15 Notwithstanding the provisions of any law making it unlawful for
16 any person, officer, or employee of the State to make known
17 information imparted by any tax return or permit any tax return
18 to be seen or examined by any person, it shall be lawful to



1 permit a duly accredited tax official of the United States, any
2 state or territory, any county of this State, or the Multistate
3 Tax Commission or the auditor to inspect any tax return of any
4 taxpayer, or to furnish to an official, commission, or the
5 authorized representative thereof an abstract of the return or
6 supply the official, commission, or the authorized
7 representative thereof with information concerning any item
8 contained in the return or disclosed by the report of any
9 investigation of the return or of the subject matter of the
10 return for tax or auditing purposes only. The Multistate Tax
11 Commission may make the information available to a duly
12 accredited tax official of the United States, any state or
13 territory, or the authorized representative thereof, for tax
14 purposes only."

15 SECTION 3. Section 235-116, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§235-116 Disclosure of returns unlawful; penalty.** All
18 tax returns and return information required to be filed under
19 this chapter shall be confidential, including any copy of any
20 portion of a federal return [~~which~~] that may be attached to a
21 state tax return, or any information reflected in the copy of
22 [~~such~~] the federal return. It shall be unlawful for any person,



1 or any officer or employee of the State, including the auditor
2 or the auditor's agent, to make known intentionally information
3 imparted by any income tax return or estimate made under
4 sections 235-92, 235-94, 235-95, and 235-97 or wilfully to
5 permit any income tax return or estimate so made or copy thereof
6 to be seen or examined by any person other than the taxpayer or
7 the taxpayer's authorized agent, persons duly authorized by the
8 State in connection with their official duties, the Multistate
9 Tax Commission or the authorized representative thereof, except
10 as provided by law, and any offense against the foregoing
11 provisions shall be punished by a fine not exceeding \$500 or by
12 imprisonment not exceeding one year, or both."

13 SECTION 4. Section 237-34, Hawaii Revised Statutes, is
14 amended by amending subsection (b) to read as follows:

15 "(b) All tax returns and return information required to be
16 filed under this chapter, and the report of any investigation of
17 the return or of the subject matter of the return, shall be
18 confidential. It shall be unlawful for any person or any
19 officer or employee of the State, including the auditor or the
20 auditor's agent, to intentionally make known information
21 imparted by any tax return or return information filed pursuant
22 to this chapter, or any report of any investigation of the



1 return or of the subject matter of the return, or to wilfully
2 permit any [~~such~~] return, return information, or report so made,
3 or any copy thereof, to be seen or examined by any person;
4 provided that for tax purposes only the taxpayer, the taxpayer's
5 authorized agent, or persons with a material interest in the
6 return, return information, or report may examine them. Unless
7 otherwise provided by law, persons with a material interest in
8 the return, return information, or report shall include:

- 9 (1) Trustees;
- 10 (2) Partners;
- 11 (3) Persons named in a board resolution or a one per cent
12 shareholder in case of a corporate return;
- 13 (4) The person authorized to act for a corporation in
14 dissolution;
- 15 (5) The shareholder of an S corporation;
- 16 (6) The personal representative, trustee, heir, or
17 beneficiary of an estate or trust in case of the
18 estate's or decedent's return;
- 19 (7) The committee, trustee, or guardian of any person in
20 paragraphs (1) to (6) who is incompetent;



- 1 (8) The trustee in bankruptcy or receiver, and the
2 attorney-in-fact of any person in paragraphs (1) to
3 (7);
- 4 (9) Persons duly authorized by the State in connection
5 with their official duties;
- 6 (10) Any duly accredited tax official of the United States
7 or of any state or territory;
- 8 (11) The Multistate Tax Commission or its authorized
9 representative;
- 10 (12) Members of a limited liability company; and
- 11 (13) A person contractually obligated to pay the taxes
12 assessed against another when the latter person is
13 under audit by the department.

14 Any violation of this subsection shall be a misdemeanor."

15 SECTION 5. Section 237D-13, Hawaii Revised Statutes, is
16 amended by amending subsection (a) to read as follows:

17 "(a) All tax returns and return information required to be
18 filed under this chapter, and the report of any investigation of
19 the return or of the subject matter of the return, shall be
20 confidential. It shall be unlawful for any person or any
21 officer or employee of the State, including the auditor or the
22 auditor's agent, to intentionally make known information



1 imparted by any tax return or return information filed pursuant
2 to this chapter, or any report of any investigation of the
3 return or of the subject matter of the return, or to wilfully
4 permit any return, return information, or report so made, or any
5 copy thereof, to be seen or examined by any person; provided
6 that for tax purposes only the taxpayer, the taxpayer's
7 authorized agent, or persons with a material interest in the
8 return, return information, or report may examine them. Unless
9 otherwise provided by law, persons with a material interest in
10 the return, return information, or report shall include:

- 11 (1) Trustees;
- 12 (2) Partners;
- 13 (3) Persons named in a board resolution or a one per cent
14 shareholder in case of a corporate return;
- 15 (4) The person authorized to act for a corporation in
16 dissolution;
- 17 (5) The shareholder of an S corporation;
- 18 (6) The personal representative, trustee, heir, or
19 beneficiary of an estate or trust in case of the
20 estate's or decedent's return;
- 21 (7) The committee, trustee, or guardian of any person in
22 paragraphs (1) to (6) who is incompetent;



- 1 (8) The trustee in bankruptcy or receiver, and the
2 attorney-in-fact of any person in paragraphs (1) to
3 (7);
- 4 (9) Persons duly authorized by the State in connection
5 with their official duties;
- 6 (10) Any duly accredited tax official of the United States,
7 any state or territory, or of any county of this
8 State;
- 9 (11) The Multistate Tax Commission or its authorized
10 representative; and
- 11 (12) Members of a limited liability company.

12 Any violation of this subsection shall be a misdemeanor.

13 Nothing in this subsection shall prohibit the publication of
14 statistics so classified as to prevent the identification of
15 particular reports or returns and the items of the reports or
16 returns."

17 SECTION 6. Section 251-12, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) All tax returns and return information required to be
20 filed under this chapter, and the report of any investigation of
21 the return or of the subject matter of the return, shall be
22 confidential. It shall be unlawful for any person or any



1 officer or employee of the State, including the auditor or the
2 auditor's agent, to intentionally make known information
3 imparted by any tax return or return information filed pursuant
4 to this chapter, or any report of any investigation of the
5 return or of the subject matter of the return, or to wilfully
6 permit any [~~sach~~] tax return, return information, or report so
7 made, or any copy thereof, to be seen or examined by any person;
8 provided that for surcharge tax purposes only the lessor or tour
9 vehicle operator, the lessor's or tour vehicle operator's
10 authorized agent, or persons with a material interest in the
11 return, return information, or report may examine them. Unless
12 otherwise provided by law, persons with a material interest in
13 the return, return information, or report shall include:

- 14 (1) Trustees;
- 15 (2) Partners;
- 16 (3) Persons named in a board resolution or a one per cent
17 shareholder in case of a corporate return;
- 18 (4) The person authorized to act for a corporation in
19 dissolution;
- 20 (5) The shareholder of an S corporation;



- 1 (6) The personal representative, trustee, heir, or
2 beneficiary of an estate or trust in case of the
3 estate's or decedent's return;
- 4 (7) The committee, trustee, or guardian of any person in
5 paragraphs (1) to (6) who is incompetent;
- 6 (8) The trustee in bankruptcy or receiver, and the
7 attorney-in-fact of any person in paragraphs (1) to
8 (7);
- 9 (9) Persons duly authorized by the State in connection
10 with their official duties;
- 11 (10) Any duly accredited tax official of the United States
12 or of any state or territory;
- 13 (11) The Multistate Tax Commission or its authorized
14 representative; and
- 15 (12) Members of a limited liability company.
- 16 Any violation of this subsection shall be a misdemeanor.
- 17 Nothing in this subsection shall prohibit the publication of
18 statistics so classified as to prevent the identification of
19 particular reports or returns and the items of the reports or
20 returns."



1 SECTION 7. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 8. This Act shall take effect on July 1, 2030.



Report Title:

Auditor; Powers and duties; Tax returns

Description:

Grants explicit authority to the Auditor to inspect the documents and financial affairs of the Department of Taxation. Requires the Auditor to implement internal policies to protect confidentiality of private personal information contained in tax returns. Provides penalty provisions applicable to the Auditor or Auditor's agent for disclosure of tax information. Effective July 1, 2030. (HB382 HD2)

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

