
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Chapter 231, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§231- Whistleblower awards. (a) Except as provided
5 in subsections (b) and (c), if the director of taxation proceeds
6 with an administrative or judicial action for any violation of
7 title 14 by a taxpayer based on information received from an
8 individual, the individual shall receive as an award at least
9 fifteen per cent but not more than thirty per cent of the
10 collected proceeds, including penalties, interest, additions to
11 tax, and additional amounts, resulting from the action, any
12 related actions, or any settlement in response to the action;
13 provided that no award shall be made under this section unless:
14 (1) In the case of any action brought against an
15 individual taxpayer, the taxpayer's gross income
16 exceeds \$200,000 for any taxable year subject to the
17 action;



1 (2) The tax, penalties, interest, additions to tax, and
2 additional amounts in dispute exceed \$500,000; and

3 (3) The information that the individual provides the
4 director of taxation is submitted under penalty of
5 perjury.

6 The determination of the amount of any award under this
7 subsection shall depend upon the extent to which the individual
8 substantially contributed to the action, as determined by the
9 director of taxation.

10 (b) In the event the action described in subsection (a) is
11 one which the director of taxation determines to be based
12 principally on disclosures of specific allegations, rather than
13 information provided by the individual described in subsection
14 (a), resulting from a judicial or administrative hearing, or
15 from a governmental report, hearing, audit, or investigation, or
16 from the news media, the director of taxation may award such
17 sums as the director of taxation determines to be appropriate,
18 but in no case more than ten per cent of the collected proceeds,
19 including penalties, interest, additions to tax and additional
20 amounts, resulting from the action, any related actions, or any
21 settlement in response to the action, taking into account the
22 significance of the individual's information and the role of the



1 individual and any legal representative of the individual in
2 contributing to the action.

3 This subsection shall not apply if the information
4 resulting in the initiation of an action described in subsection
5 (a) was originally provided by the individual described in that
6 subsection.

7 (c) If the director of taxation determines that the claim
8 for an award under this section is brought by an individual who
9 planned and initiated the activities that led to the violation
10 for which the director of taxation proceeded with an
11 administrative or judicial action, the director of taxation may
12 reduce the award accordingly; provided that if the individual is
13 convicted of criminal conduct arising from those activities, the
14 director of taxation shall deny any award.

15 (d) Within thirty days of any determination regarding an
16 award under this section, the determination may be appealed to
17 the tax appeal court, which shall have jurisdiction over the
18 matter.

19 (e) No contract with the department shall be necessary for
20 any individual to receive an award under section.

21 (f) Any individual described in subsection (a) or (b) may
22 be represented by counsel."



1 SECTION 2. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on January 7, 2059.



Report Title:

Taxation; Whistleblower Awards

Description:

Establishes monetary awards for whistleblowers providing information that is the basis for a Department of Taxation administrative or judicial action for violations of tax laws. Effective January 7, 2059. (HB1672 HD1)

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

