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# A BILL FOR AN ACT

RELATING TO THE DISCLOSURE OF TAX RETURN INFORMATION.

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

1 SECTION 1. Section 231-18, Hawaii Revised Statutes is  
2 amended to read as follows:

3 "§231-18 Tax and other officials permitted to inspect  
4 returns; reciprocal provisions. (a) Notwithstanding the  
5 provisions of any law making it unlawful for any person,  
6 officer, or employee of the State to make known information  
7 imparted by any tax return or permit any tax return to be seen  
8 or examined by any person, it shall be lawful to:

9 (1) Permit a duly accredited tax official of the United  
10 States, any state or territory, any county of this  
11 State, or the Multistate Tax Commission to inspect any  
12 tax return or return information of any taxpayer[+]  
13 for tax purposes only;

14 (2) Furnish to an official, commission, or the authorized  
15 representative thereof an abstract of the return or  
16 return information or supply the official, commission,  
17 or the authorized representative thereof with  
18 information concerning any item contained in the



1           return or return information or disclosed by the  
2           report of any investigation of the return or of the  
3           subject matter of the return for tax purposes only;  
4           ~~[or]~~

5           (3) Provide tax return information to the auditor pursuant  
6           to section 23-5(a) ~~[-]~~;

7           (4) Open for inspection or disclose a return or return  
8           information to deputies and employees of the  
9           department of the attorney general personally and  
10           directly engaged in, and solely for their use in, any  
11           proceeding before a state grand jury or preparation  
12           for any proceeding pertaining to tax administration,  
13           or investigation which may result in such a  
14           proceeding, before a state grand jury or any federal  
15           or state court, but only if:

16           (A) The taxpayer is or may be a party to the  
17           proceeding, or the proceeding arose out of or in  
18           connection with determining the taxpayer's civil  
19           or criminal liability, or the collection of such  
20           civil liability, in respect of any tax imposed  
21           under this title;



- 1           (B) The treatment of an item reflected on the return  
2           is or may be related to the resolution of an  
3           issue in the proceeding or investigation; or
- 4           (C) The return or return information relates or may  
5           relate to a transactional relationship between a  
6           person who is or may be a party to the proceeding  
7           and the taxpayer that affects or may affect the  
8           resolution of an issue in the proceeding or  
9           investigation;
- 10          (5) Disclose in a federal or state judicial or  
11          administrative proceeding pertaining to tax  
12          administration a return or return information, but  
13          only if:
- 14          (A) The taxpayer is a party to the proceeding, or the  
15          proceeding arose out of or in connection with  
16          determining the taxpayer's civil or criminal  
17          liability, or the collection of such civil  
18          liability, in respect of any tax imposed under  
19          this title;



- 1           (B) The treatment of an item reflected on the return
- 2           is directly related to the resolution of an issue
- 3           in the proceeding; or
- 4           (C) The return or return information directly relates
- 5           to a transactional relationship between a person
- 6           who is a party to the proceeding and the taxpayer
- 7           that directly affects the resolution of an issue
- 8           in the proceeding;
- 9           (6) Disclose a return or return information to federal,
- 10           state, or local law enforcement agencies solely for
- 11           the purpose of the investigation and prosecution of
- 12           criminal offenses involving possible theft of a
- 13           taxpayer's identity, or fraudulent tax refund claims
- 14           submitted to the department; or
- 15           (7) Disclose a return or return information to any person
- 16           to the extent necessary in connection with the
- 17           processing, storage, retention, transmission, and
- 18           reproduction of such returns and return information;
- 19           the programming, maintenance, repair, testing, and
- 20           procurement of equipment; and the providing of other
- 21           services to the department, for purposes of tax



1           administration. The director may adopt administrative  
2           rules regarding the disclosure of returns and return  
3           information under this paragraph.

4           The Multistate Tax Commission may make the information  
5 available to a duly accredited tax official of the United  
6 States, any state or territory, or the authorized representative  
7 thereof, for tax purposes only.

8           (b) For purposes of this section:

9           "Disclose" means making known to any person in any manner a  
10          return or return information.

11          "Inspection" means any examination of a return or return  
12          information.

13          "Tax administration" means the administration, management,  
14          conduct, direction, and supervision of the execution and  
15          application of the federal or state tax laws and tax conventions  
16          to which the United States or the State of Hawaii is a party and  
17          the development and formulation of tax policy relating to  
18          existing or proposed tax laws, related statutes, and tax  
19          conventions. "Tax administration" includes assessment,  
20          collection, enforcement, litigation, publication, and



1 statistical gathering functions under such laws, statutes, or  
2 conventions.

3 "Taxpayer's identity" means the name of a person with  
4 respect to whom a return is filed, the person's mailing address,  
5 the person's taxpayer identifying number, or a combination  
6 thereof."

7 SECTION 2. Section 235-116, Hawaii Revised Statutes is  
8 amended to read as follows:

9 "§235-116 Disclosure of returns unlawful; penalty. All  
10 tax returns and return information required to be filed,  
11 submitted, collected, or maintained under this chapter shall be  
12 confidential, including any copy of any portion of a federal  
13 return that may be attached to a state tax return, [~~or~~] any  
14 information reflected in the copy of the federal return[~~-~~], any  
15 information required under this chapter to be filed or otherwise  
16 submitted with any state agency other than the department, or  
17 any information required under this chapter to be collected or  
18 maintained by any state agency other than the department, except  
19 as otherwise provided by law. It shall be unlawful for any  
20 person, or any officer or employee of the State, including the  
21 auditor or the auditor's agent with regard to tax return



1 information obtained pursuant to section 23-5(a), to make known  
2 intentionally information imparted by any income tax return or  
3 estimate made under sections 235-92, 235-94, 235-95, and 235-97  
4 or wilfully to permit any income tax return or estimate so made  
5 or copy thereof to be seen or examined by any person other than  
6 the taxpayer or the taxpayer's authorized agent, persons duly  
7 authorized by the State in connection with their official  
8 duties, the Multistate Tax Commission or the authorized  
9 representative thereof, except as otherwise provided by law.  
10 Any offense against the foregoing provisions shall be punishable  
11 as a class C felony."

12 SECTION 3. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

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

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**Report Title:**

Taxation; Disclosure of Tax Return Information

**Description:**

Amends section 231-18, Hawaii Revised Statutes, to allow disclosure of tax return information to the Department of the Attorney General, federal, state, or local officials, and other persons in specified situations; and amends section 235-116, Hawaii Revised Statutes, to clarify that all information filed under chapter 235, Hawaii Revised Statutes, with any state agency is confidential. Takes effect on 1/7/2059. (SD1)

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

