
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) [~~or~~];

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) The director of taxation may adopt rules, pursuant to
9 chapter 91, to ensure that any parties to which a tax return or
10 tax return information is disclosed under subsection (a) shall
11 take adequate measures to safeguard the tax return or tax return
12 information disclosed.

13 (c) For purposes of this section:

14 "Disclose" means making known to any person in any manner a
15 return or return information.

16 "Inspection" means any examination of a return or return
17 information.

18 "Tax administration" means the administration, management,
19 conduct, direction, and supervision of the execution and
20 application of the federal or state tax laws and tax conventions
21 to which the United States or the State of Hawaii is a party and



1 the development and formulation of tax policy relating to
2 existing or proposed tax laws, related statutes, and tax
3 conventions. "Tax administration" includes assessment,
4 collection, enforcement, litigation, publication, and
5 statistical gathering functions under such laws, statutes, or
6 conventions.

7 "Taxpayer's identity" means the name of a person with
8 respect to whom a return is filed, the person's mailing address,
9 the person's taxpayer identifying number, or a combination
10 thereof."

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

13 "§235-116 Disclosure of returns unlawful; penalty. All
14 tax returns and return information required to be filed,
15 submitted, collected, or maintained under this chapter shall be
16 confidential, including any copy of any portion of a federal
17 return that may be attached to a state tax return, [~~or~~] any
18 information reflected in the copy of the federal return[~~or~~], any
19 information required under this chapter to be filed or otherwise
20 submitted with any state agency other than the department, or
21 any information required under this chapter to be collected or



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

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 on January 7, 2059.



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. (SD2)

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

