
A BILL FOR AN ACT

RELATING TO ADMINISTRATIVE TAX APPEALS AND DISPUTE RESOLUTION PROGRAM.

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

1 SECTION 1. Section 231-7.5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§231-7.5 [~~Expedited~~] Administrative appeals and dispute
4 resolution program. (a) The department shall be authorized to
5 implement an administrative appeals and dispute resolution
6 program that shall expeditiously resolve all tax, penalty,
7 interest, fine, assessment, and other such disputes between the
8 department and the taxpayer or return preparer. The director or
9 the director's designee, who shall report directly and be
10 answerable solely to the director, shall serve as an
11 [~~independent~~] administrative appeals officer and shall be
12 authorized to compromise, settle, or otherwise resolve any
13 dispute on any basis, including hazards and costs of litigation,
14 considering equally the position of the taxpayer or return
15 preparer and the department on an impartial basis. The
16 [~~independent~~] administrative appeals officer shall be



1 independent and not be influenced by any department tax
 2 compliance initiatives and policies, or loss of revenue to the
 3 State. [~~Decisions of the independent appeals officer shall be~~
 4 ~~in writing stating the facts, analysis, and conclusions in~~
 5 ~~support, which shall be provided to the taxpayer and return~~
 6 ~~preparer.~~] Persons who currently serve or have served in the
 7 previous five years as an auditor, audit supervisor or manager,
 8 collector, collection supervisor or manager, district manager or
 9 supervisor, tax compliance coordinator, or tax compliance
 10 administrator, shall not be eligible to be the [~~director's~~
 11 ~~designee.~~] administrative appeals officer.

12 (b) Decisions of the administrative appeals officer shall
 13 be provided to the taxpayer or return preparer and shall be in
 14 writing stating the facts, analysis, and conclusions in support.

15 (c) Notwithstanding any other law to the contrary,
 16 including tax appeal procedures set forth under chapter 232, a
 17 taxpayer or return preparer shall be eligible to petition the
 18 department once for participation in the administrative appeals
 19 and dispute resolution program after [~~issuance of~~] a notice of
 20 proposed assessment [~~7~~] or notice of assessment is issued;
 21 provided that if [~~a taxpayer has filed a tax appeal with the tax~~



1 ~~appeal court or other court, the taxpayer shall first be~~
2 ~~required to obtain the approval of the director and permission~~
3 ~~from the respective court prior to petitioning the department~~
4 ~~for participation. The director shall have the right to deny a~~
5 ~~petition for cause.] :~~

- 6 (1) A taxpayer petitions the administrative appeals and
7 dispute resolution program after a notice of proposed
8 assessment has been issued, the petition shall be
9 filed before the proposed assessment becomes final;
- 10 (2) A taxpayer petitions the administrative appeals and
11 dispute resolution program after a notice of final
12 assessment has been issued, the petition shall be
13 filed by the taxpayer before the taxpayer files an
14 appeal to the district board of review or tax appeal
15 court or other court; or
- 16 (3) A return preparer petitions the administrative appeals
17 and dispute resolution program after a notice and
18 demand of the penalty is made, the petition shall be
19 filed within thirty days after the mailing of the
20 notice and demand of the penalty to the return
21 preparer's last known residence or place of business.



1 (d) Nothing in this section shall be interpreted to affect
2 appeal rights provided under section 235-114.

3 [~~e~~] (e) The department shall adopt procedures to carry
4 out the purposes of this section, including procedures relating
5 to ex parte communications between the director or the
6 [~~director's designee~~] administrative appeals officer and other
7 department personnel to ensure that such communications do not
8 compromise or appear to compromise the independence of the
9 administrative appeals and dispute resolution program.

10 (f) Taxpayers and return preparers shall petition the
11 administrative appeals and dispute resolution program using the
12 forms prescribed by the department. All petitions shall be
13 filed with the administrative appeals and dispute resolution
14 program and the auditor or department official assigned to the
15 taxpayer or return preparer's case by the applicable deadline
16 set forth in subsection (c).

17 [~~d~~] (g) The director of taxation may appoint an
18 administrative appeals officer as necessary to administer this
19 section, and perform other duties as directed by the director.
20 The director may appoint, commission, or assign support staff as
21 necessary to assist the administrative appeals officer. The



1 administrative appeals officer shall be exempt from chapter 76
2 and may be a legal or accounting professional; provided that no
3 individual appointed under this section shall render legal
4 services reserved to the attorney general under chapter 28.

5 (h) The director may prescribe rules as may be necessary
6 or appropriate to carry out the purposes of this section."

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

9 SECTION 3. This Act shall take effect on January 7, 2059.



Report Title:

Tax Administration; Administrative Tax Appeals and Dispute Resolution Program

Description:

Changes the title of the appeals officer from independent appeals officer to administrative appeals officer. Establishes conditions, procedures, and deadlines for petitions by taxpayers or return preparers for an administrative appeals and dispute resolution program. (SB2926 HD1)

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

