

ACT 93

S.B. NO. 1206

A Bill for an Act Relating to Tax Collection.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 231-13, Hawaii Revised Statutes, is amended to read as follows:

**“§231-13 Director; examination, investigation, and collection.** (a) The director of taxation shall be responsible for the collection and general administration of all taxes, including delinquent taxes. Notwithstanding any other law to the contrary, the director, by contract, may select and retain bonded collection agencies, licensed attorneys, accountants, and auditors or other persons for the purpose of assessment, enforcement, or collection of taxes from persons subject to the provisions of title 14 administered by the department.

(b) At the option of the director, any contract entered into under this section may provide for compensation on:

- (1) A fixed price basis;
- (2) An hourly rate basis with or without a fixed cap; or
- (3) A contingent fee arrangement to be specified in the contract; provided that this paragraph shall not apply to auditors and accountants.

All compensation shall be payable out of the taxes recovered for the State or from the ~~[debtor]~~ taxpayer in accordance with the terms of, and up to the amount authorized by the contract, unless otherwise determined by the director.”

SECTION 2. (a) The director of taxation shall submit a report to the legislature regarding any contract entered into under section 231-13, Hawaii Revised Statutes, as amended by this Act, during the period beginning on the effective date of this Act and ending on June 30, 2017, for the assessment, enforcement, or collection of taxes. All reports under this subsection shall be submitted to the legislature within fourteen days after the contract is entered into.

(b) . The director of taxation shall submit an annual report of all contracts entered into under section 231-13, Hawaii Revised Statutes, as amended by this Act, during the one-year period ending on November 30 of each year for the assessment, enforcement, or collection of taxes. Annual reports under this subsection shall be submitted to the legislature no later than twenty days prior to the convening of each regular session of the legislature, beginning with the regular session of 2014 and ending with the regular session of 2017.

(c) All reports submitted to the legislature pursuant to this section shall include the following information regarding contracts under section 231-13, Hawaii Revised Statutes, as amended by this Act:

- (1) The purpose and scope of the contract;
- (2) The terms of the contract; and
- (3) The cost of the contract;

provided that annual reports submitted pursuant to subsection (b) shall also include a summary and analysis of the effect of this Act to date on the assessment, enforcement, and collection of taxes.

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

SECTION 4. This Act shall take effect upon its approval; provided that on June 30, 2017, this Act shall be repealed and section 231-13, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day immediately prior to the effective date of this Act.

(Approved May 31, 2013.)