STAND. COM. REP. NO. 429 -06

Honolulu, Hawaii

Fe h 16, 2006

RE: H.B. No. 2417 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 2417 entitled:

"A BILL FOR AN ACT RELATING TO TAX ADMINISTRATION,"

begs leave to report as follows:

The purpose of this bill is to conform state tax law to federal tax law by providing the Department of Taxation (DOTAX) with the authority to impose civil penalties and seek court injunctions against persons who promote abusive tax shelters and tax preparers who support unrealistic positions on tax returns.

DOTAX testified in support of this bill. The League of Women Voters of Hawaii supported the intent of this measure. The Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Removing the reduction provision from penalties assessed for a tax preparer's wilful or reckless understatement of liability based upon unrealistic positions; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2417, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2417, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Judiciary,

SYLVIA LUKE, Chair

State of Hawaii House of Representatives The Twenty-third Legislature

HSCR 429-06

Record of Votes of the Committee on Judiciary

Bill/Resolution No.:	Date:			
нв 2417	1/31106			
Committee Referral:	The committee is reconsidering its previous decision on the measure.			
JUD, FIN				
The recommendation is to: Pass, unamended	Pass, with amendments			
☐ Hold	☐ Re	commit		
JUD Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	1			
2. OSHIRO, Blake K. (VC)	✓			
3. CALDWELL, Kirk				1
4. KANOHO, Ezra R.	✓			
5. KARAMATSU, Jon Riki	1			
6. MORITA, Hermina M.	/			
7. SONSON, Alex M.	1			
8. SOUKI, Joseph M.	✓			
9. MARUMOTO, Barbara C.	1			
10. THIELEN, Cynthia	✓			
	<i>(</i>)			
TOTAL	Of			(
The recommendation is: Adopted Not Adopted If joint referral,	mittee acronym(ort recommendation	
Vice Chair's or designee's signature:	\Rightarrow			
Distribution: Original (White) – Committee Du	plicate (Yellow)	– HMSO D	uplicate (Pink) – C	lerk's Office