

Honolulu, Hawaii

FEB 0 9 2021

RE: S.B. No. 320

Honorable Ronald D. Kouchi President of the Senate Thirty-First State Legislature Regular Session of 2021 State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 320 entitled:

"A BILL FOR AN ACT RELATING TO TAX RETURN PREPARERS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require each tax return preparer to have a valid preparer tax identification number issued by the Internal Revenue Service and to furnish the preparer's tax identification number on any return or claim for refund if required by the Department of Taxation;
- (2) Establish penalties for failure to comply; and
- (3) Provide that tax return preparers shall not be liable for penalties prior to January 1, 2022.

Your Committee received testimony in support of this measure from the Department of Taxation and the Hawaii Association of Public Accountants. Your Committee received comments on this measure from Tax Foundation of Hawaii.

Your Committee finds that many tax preparers in the State operate with little oversight or accountability. Requiring all tax return preparers to have a valid preparer tax identification number will help the Department of Taxation better monitor tax

return preparers, detect noncompliance, and prevent unintended losses in revenue. This measure will also give taxpayers greater assurance that they can rely on the services of their preparers.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 320 and recommends that it pass Second Reading and be referred to your Committees on Judiciary and Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Commerce and Consumer Protection,

ROSALYN H. BAKER, Chair

The Senate Thirty-First Legislature State of Hawaiʻi

Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referral: Date:			
58 320	CPN, JDC/WAM 2/4/2021			
The Committee is reconsidering its previous decision on this measure.				
If so, then the previous decision was to:				
The Recommendation is:				
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313				
Members	Aye	Aye (WR) Nay	Excused
BAKER, Rosalyn H. (C)				
CHANG, Stanley (VC)				
MISALUCHA, Bennette E.	/			
NISHIHARA, Clarence K.				
RIVIERE, Gil				
SAN BUENAVENTURA, Joy A.				
FEVELLA, Kurt				
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TOTAL	6	/		
Recommendation:	<u> </u>			
Adopted Not Adopted				
Chair's or Designee's Signature:				
Claune K Mishihere				
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*Only one measure per Record of Votes