

Honolulu, Hawaii

Feb 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



