

STAND. COM. REP. NO.

768

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 973
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Judiciary and Government Operations, to which was referred S.B. No. 973 entitled:

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

begs leave to report as follows:

The purpose of this measure is to deter tax fraud and promote uniformity in the state tax system by conforming Hawaii tax law to the Internal Revenue Code with respect to regulating tax return preparers and adopting other accuracy-related federal provisions.

Your Committee finds tax preparers are not required to audit, examine, or review books, records, or other documents in order to independently verify information provided by taxpayers. If a tax preparer finds this information to be incorrect or incomplete, the tax preparer must make reasonable additional inquiries. This bill enables the Department of Taxation to hold tax preparers accountable for unreasonable positions on tax returns. This accountability is critical in the wake of recent corporate fraud scandals involving large corporations.

Your Committee also finds that greater scrutiny by the State is warranted with respect to regulating abusive tax schemes, erroneous tax refund claims, the understatement or misstatement of tax liability, and the collection and payment of withholding taxes. These tax violations result in not only substantial revenue losses for the State, but also mean a greater tax burden for the taxpaying public.



Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050; and
- (2) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 973, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 973, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Government Operations,

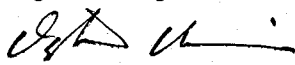


BRIAN T. TANIGUCHI, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Judiciary and Government Operations
JGO

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 973	NAM, JGO	2/27/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
TAKAMINE, Dwight Y. (VC)	✓			
BUNDA, Robert				✓
GABBARD, Mike	✓			
NISHIHARA, Clarence K.				✓
SLOM, Sam			✓	
TOTAL	3	0	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes