

Honolulu, Hawaii

FEB 28 2019

RE: S.B. No. 1504  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1504 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to improve tax administration and accountability.

Specifically, this measure requires:

- (1) A person who prepares or assists in the preparation of a state income tax return, and all the preparer's agents, to obtain a federal preparer tax identification number; and
- (2) The person who has primary responsibility for the overall accuracy of the tax return to sign the return and provide the person's federal preparer tax identification number to the Department of Taxation.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that requiring tax return preparers to provide a federal preparer identification number to the Department



of Taxation will help ensure that the preparers are accountable for the returns they prepare.

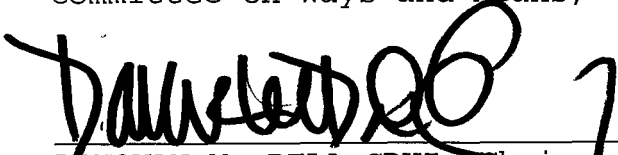
Your Committee has amended this measure by deleting its contents and inserting the provisions of Senate Bill No. 1272, a similar measure, and making further amendments, which cumulatively have the effect of amending this measure by:

- (1) Providing that a tax return preparer shall not omit its preparer tax identification number from any return or claim for refund prepared for compensation where the Department of Taxation requires the preparer tax identification number to be disclosed;
- (2) Establishing penalties for tax return preparers who do not obtain a preparer tax identification number or furnish it to the Department of Taxation when required;
- (3) Establishing a procedure for a tax return preparer to appeal penalties imposed;
- (4) Authorizing the Director of Taxation to bring a civil action to enjoin a tax return preparer from acting as a tax return preparer or engaging in certain conduct;
- (5) Authorizing the Department of Taxation to adopt rules pursuant to chapter 91, Hawaii Revised Statutes;
- (6) Defining the terms "tax return preparer" and "preparer identification number"; and
- (7) Providing that the measure shall apply to any returns filed after December 31, 2019.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1504, S.D. 1, and be placed on the calendar for Third Reading.




Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1504	WAM	2/11/19		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.				X
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.				X
FEVELLA, Kurt	X			
<b>TOTAL</b>	10			3
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