

Honolulu, Hawaii

FEB 07 , 2020

RE: H.B. No. 2246
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred
H.B. No. 2246 entitled:

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

begs leave to report as follows:

The purpose 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 disclose this number on any return or claim for refund if required to do so by the Department of Taxation;
- (2) Beginning on January 1, 2021, establish penalties for violations; and
- (3) Authorize the Department of Taxation to bring a civil action for equitable relief against a tax return preparer.

Your Committee received testimony in support of this measure from the Department of Taxation and Hawaii Association of Public Accountants. Your Committee received comments on this measure from H&R Block.



Your Committee finds that many tax return preparers operate with little State oversight or accountability. Requiring all tax return preparers to have a preparer tax identification number will help ensure tax return preparers are held accountable for the returns they prepare. This measure also enables the Department to track tax return preparers in the State by leveraging the Internal Revenue Service identification number that is already required for preparing federal tax returns.

Your Committee has amended this measure by:

- (1) Authorizing the Director of Taxation to file a claim to enjoin a tax return preparer from acting as a tax return preparer or engaging in certain prohibited conduct;
- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Intrastate Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2246, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2246, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Intrastate
Commerce,



TAKASHI OHNO, Chair



