

STAND. COM. REP. NO.

1482

Honolulu, Hawaii

March 23, 2007

RE: S.B. No. 1499
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 1499, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill is to conform Hawaii tax law to federal tax law as it relates to tax administration and criminal tax enforcement.

The Department of Taxation (DOTAX) testified in support of this bill. The Tax Foundation of Hawaii provided comments.

Your Committee agrees that DOTAX should be afforded additional methods for enforcing the State's tax laws and for deterring abuse of tax shelters and understatements of liability by tax return preparers. However, your Committee is concerned about the removal of the statute of limitations requirements for the various tax laws specified in sections 6 through 10 of this bill, and respectfully encourages the Committee on Finance to explore this matter further.

SB1499 HD1 HSCR JUD HMS 2007-3330

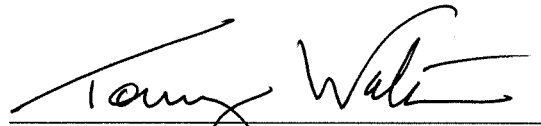


Your Committee has amended this bill by:

- (1) Deleting the provision requiring the reduction of penalty amounts for strict liability for understatement by a tax return preparer from an amount assessed for wilful or reckless understatement of liability;
- (2) Changing the effective date to July 1, 2112, to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

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 S.B. No. 1499, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1499, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,


TOMMY WATERS, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 1402

Record of Votes of the Committee on Judiciary

Bill/Resolution No.: SB 1499, SD2 (SSCR 717)	Date: 3/20/07			
Committee Referral: JUD, FIN	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration				
JUD Members	Ayes	Ayes (WR)	Nays	Excused
1. WATERS, Tommy (C)	/			
2. OSHIRO, Blake K. (VC)	/			
3. CALDWELL, Kirk	/			
4. EVANS, Cindy	/			
5. GREEN, Josh, M.D.	/			
6. ITO, Ken	/			
7. LUKE, Sylvia	/			
8. McKELVEY, Angus L.K.				/
9. MORITA, Hermina M.				/
10. SONSON, Alex M.				/
11. SOUKI, Joseph M.				/
12. TSUJI, Clift	/			
13. YAMANE, Ryan I.	/			
14. YAMASHITA, Kyle T.	/			
15. MARUMOTO, Barbara C.	/			
16. PINE, Kymberly Marcos				/
17. THIELEN, Cynthia				/
TOTAL	11			6
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <div style="text-align: center; margin-top: 10px;"> </div>				
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