

STAND. COM. REP. NO.

1399

Honolulu, Hawaii

MAR 25 , 2021

RE: S.B. No. 320
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 320 entitled:

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

begs leave to report as follows:

The purpose of this measure is to require each tax return preparer to:

- (1) Have a valid preparer tax identification number issued by the Internal Revenue Services; and
- (2) Include the valid preparer tax identification number on any return or claim for refund prepared for compensation as required by the Department of Taxation.

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

Your Committee finds that many tax return preparers in Hawaii operate with little State oversight or accountability. This measure will ensure that tax return preparers are held accountable for the returns they prepare by requiring all tax return preparers to have a preparer tax identification number and include it on any return or claim for refund.

2021-2450 SB320 HD1 HSCR HMSO



Your Committee further finds that continuing education requirements ensure that professionals are knowledgeable of the latest best practices. Several states, including California, Iowa, Maryland, New York, and Oregon, require continuing education for tax return preparers. Your Committee finds that this is an additional and appropriate method of ensuring that tax return preparers have some competence in preparing tax returns.

Your Committee has amended this measure by:

- (1) Establishing a continuing education requirement of four hours in a calendar year, beginning with calendar year 2022;
- (2) Specifying that the continuing education courses must be approved by the Board of Public Accountancy;
- (3) Requiring the Board of Public Accountancy to adopt rules regarding continuing education, including compliance procedures and penalties for violations;
- (4) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (5) 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 320, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 320, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



AARON LING JOHANSON, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 320	Committee Referral: CPC, FIN	Date: 3/16/2021		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. JOHANSON, Aaron Ling (C)	✓			
2. KITAGAWA, Lisa (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. HAR, Sharon E.	✓			
5. HASHEM, Mark J.	✓			
6. KONG, Sam Satoru				✓
7. MIZUNO, John M.	✓			
8. MORIKAWA, Dee	✓			
9. ONISHI, Richard H.K.	✓			
10. TARNAS, David A.	✓			
11. MATSUMOTO, Lauren	✓			
TOTAL (11)	10	0	0	1
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: <u> <i>Lisa Kitagawa</i> </u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				