

Honolulu, Hawaii

FEB 09 2021

RE: S.B. No. 320

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, 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 and intent 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 to furnish the preparer's tax identification number on any return or claim for refund if required by the Department of Taxation;
- (2) Establish penalties for failure to comply; and
- (3) Provide that tax return preparers shall not be liable for penalties prior to January 1, 2022.

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

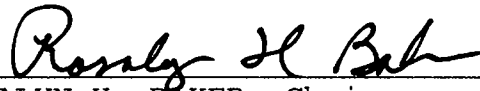
Your Committee finds that many tax preparers in the State operate with little oversight or accountability. Requiring all tax return preparers to have a valid preparer tax identification number will help the Department of Taxation better monitor tax



return preparers, detect noncompliance, and prevent unintended losses in revenue. This measure will also give taxpayers greater assurance that they can rely on the services of their preparers.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 320 and recommends that it pass Second Reading and be referred to your Committees on Judiciary and Ways and Means.

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



ROSALYN H. BAKER, Chair



