

Honolulu, Hawaii

May 2, 2006

RE: H.B. No. 2419
H.D. 1
S.D. 3
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2419, H.D. 1, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to enhance the revenue monitoring and collecting capabilities of the Department of Taxation.

Specifically, the measure:

- (1) Establishes the Integrated Tax Information Management Systems Special Fund to receive revenues from the integrated tax information management systems post-implementation revenue-generating initiatives;



- (2) Provides that moneys in the Integrated Tax Information Management Systems Special Fund will be used to pay for the integrated tax information management systems of the Department of Taxation; and
- (3) Adopts amendments to Hawaii tax laws to implement the Streamlined Sales and Use Tax Agreement.

Upon further consideration, your Committee on Conference has amended the measure by:

- (1) Making numerous amendments to the Integrated Tax Information Management Systems part of the measure to further refine and augment the Department of Taxation's ability to modernize its tax information management systems through the use of innovative funding mechanisms to partner with private sector vendors providing such services;
- (2) Renaming the Integrated Tax Information Management Systems Special Fund the Integrated Tax Services and Management Special Fund and expanding the purposes for which it may be used as follows:
 - (A) Authorizing the special fund to be utilized to fund the State's cost in implementing the county surcharge on state tax adopted pursuant to section 46-16.8, Hawaii Revised Statutes; and
 - (B) Authorizing the special fund to be utilized to fund costs associated with implementing a streamlined sales and use tax adopted pursuant to chapter 255D, Hawaii Revised Statutes;
- (3) Appropriating \$13,300,000 in general funds into the Integrated Tax Services and Management Special Fund, placing expenditure caps on each purpose for which the special fund is to be used, and requiring the special fund to repay the general fund by June 30, 2007;
- (4) Making numerous technical nonsubstantive amendments to the Streamlined Sales and Use Tax Agreement implementation part of the measure for the purposes of clarity and style;
- (5) Inserting specific dollar amounts for each appropriation section; and



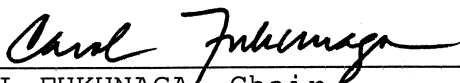
- (6) Providing for the phasing in and repeal of the various components of the measure as they relate to when each tax management component is to be effective (integrated tax information management systems contracts, county surcharge on state tax, and Streamlined Sales and Use Tax Agreement implementation).

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2419, H.D. 1, S.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2419, H.D. 1, S.D. 3, C.D. 1.

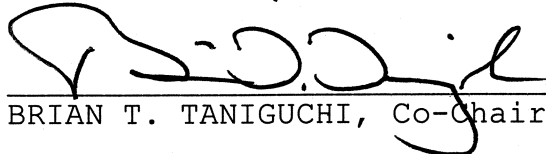
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

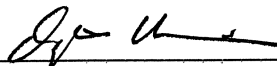
ON THE PART OF THE HOUSE


CAROL FUKUNAGA, Chair


JON RIKI KARAMATSU, Co-Chair


BRIAN T. TANIGUCHI, Co-Chair


ROBERT N. HERKES, Co-Chair


DWIGHT TAKAMINE, Co-Chair



Hawaii State Legislature

Record of Votes of a
Conference Committee

CCR 247-06

Bill / Concurrent Resolution No.: HB 2419, HD 1, SD 3	Date/Time: 4/28/06
--	--------------------

The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
---	---

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
FUKUNAGA, Carol, Chr.	✓				KARAMATSU, Jon Riki, Co-Chr.	✓			
TANIGUCHI, Brian, Co-Chr.	✓				HERKES, Robert N., Co-Chr.				✓
IGE, David Y.	✓				TAKAMINE, Dwight Y., Co-Chr.	✓			
INOUYE, Lorraine R.	✓								
TOTAL	4	0	0	0	TOTAL	2	0	0	1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
---	--

Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
--	---

Distribution: Original Yellow Pink Goldenrod
 File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency