

Honolulu, Hawaii

APR 29 2022

RE: S.B. No. 3075  
S.D. 2  
H.D. 2  
C.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 3075, S.D. 2, H.D. 2, entitled:

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

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:

- (1) Ensure that the Compliance Resolution Fund receives \$2,000,000 of the revenues collected under the franchise tax for use by the Division of Financial Institutions of the Department of Commerce and Consumer Affairs;
- (2) Specify that if the revenues collected are under \$2,000,000, the difference is to be received from revenues collected under income tax, in an amount not to exceed \$2,000,000; and



- (3) Require excess revenues collected under the franchise tax to be deposited into the general fund.

Your Committee on Conference finds that existing law requires that \$2,000,000 of franchise tax revenue collections be deposited with the Director of Finance to the credit of the Compliance Resolution Fund every fiscal year to be used by the Division of Financial Institutions to support its mission to effectively license, supervise, and regulate the constantly changing and complex financial institutions within its jurisdiction. However, there have been situations where the deposit of the franchise tax revenues was delayed from one fiscal year to the succeeding fiscal year, which risks interference with the Division of Financial Institution's mission and functions and can delay payments or the ability to enter into necessary contracts. This measure will resolve payment timing issues and specify the source of revenues to reach the necessary \$2,000,000 to fund the Division of Financial Institutions.

Your Committee on Conference has amended this measure by:

- (1) Specifying that, from the franchise tax revenues collected each fiscal year, the sum representing the first \$2,000,000 of such revenues shall be deposited with the Director of Finance to the credit of the Compliance Resolution Fund before tax credits are realized;
- (2) Deleting language that would have required that, in the event the revenues collected are less than \$2,000,000, the difference is to be received from revenues collected under income tax, in an amount not to exceed \$2,000,000; and
- (3) Making it effective upon its approval, provided that it apply to taxable years beginning after December 31, 2021.

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 S.B. No. 3075, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3075, S.D. 2, H.D. 2, C.D. 1.



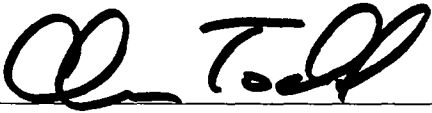
Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
\_\_\_\_\_  
AARON LING JOHANSON  
Co-Chair

  
\_\_\_\_\_  
ROSALYN H. BAKER  
Chair

  
\_\_\_\_\_  
CHRIS TODD  
Co-Chair

  
\_\_\_\_\_  
MAILE S.L. SHIMABUKURO  
Co-Chair



Hawai'i State Legislature

CCR 177-22

Record of Votes of a  
Conference Committee

Bill / Concurrent Resolution No.: <b>SB 3075, SD 2, HD 2</b>	Date/Time: 4:59 PM 4-29-2022
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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.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				JOHANSON, Aaron Ling, Co-Chr.	✓			
SHIMABUKURO, Maile S.L., Co-Chr.	✓				TODD, Chris, Co-Chr.	✓			
CHANG, Stanley	✓				KITAGAWA, Lisa	✓			
FEVELLA, Kurt				✓	MATSUMOTO, Lauren	✓			
<b>TOTAL</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>TOTAL</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>

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
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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**Distribution:**      **Original**      **Yellow**      **Pink**      **Goldenrod**  
 File with Conference Committee Report      House Clerk's Office      Senate Clerk's Office      Drafting Agency