

Honolulu, Hawaii

APR 08 , 2022

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 3075, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to resolve certain payment issues related to franchise tax collections deposited into the Compliance Resolution Fund by:

- (1) Ensuring that the statutorily-mandated \$2,000,000 franchise tax payment is credited in full to the Compliance Resolution Fund for use by the Division of Financial Institutions of the Department of Commerce and Consumer Affairs; and
- (2) Specifying that if franchise tax collections are insufficient, income tax collections will be used to ensure \$2,000,000 is deposited into the Compliance Resolution Fund.

Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, Department of the Attorney General, Department of Taxation, Tax Foundation of Hawaii, and Hawaii Financial Services Association.




Your Committee has amended this measure by:

- (1) Removing provisions that would have amended the income tax laws under chapter 235, Hawaii Revised Statutes;
- (2) Clarifying that if revenues from the franchise tax are insufficient, revenues from the income tax shall be used to ensure \$2,000,000 is deposited into the Compliance Resolution Fund; and
- (3) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3075, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3075, S.D. 2, H.D. 2.

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


SYLVIA LUKE, Chair



