

Honolulu, Hawaii

FEB 09 2022

RE: S.B. No. 3075
S.D. 1

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

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 3075 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify that the Compliance Resolution Fund is to receive \$2,000,000 of the revenues collected under chapter 241, Hawaii Revised Statutes, provided that, if the revenues collected are under \$2,000,000, the difference shall be funded from revenues collected under chapter 235, Hawaii Revised Statutes, not to exceed \$2,000,000; and
- (2) Require that the excess revenues collected under chapter 241 shall be deposited into the general fund.

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

Your Committee finds that existing law requires the Department of Commerce and Consumer Affairs to receive \$2,000,000




annually from taxes collected under chapter 241, Hawaii Revised Statutes. The Department of Commerce and Consumer Affairs has dedicated those funds for the use of the Division of Financial Institutions to support its purpose of effectively licensing, supervising, and regulating the financial institutions within its jurisdiction. With the recent establishment of several tax credits, revenues collected can vary significantly, sometimes resulting in a negative balance and the Department of Commerce and Consumer Affairs was not initially provided with its share of the franchise tax as established by law. This measure will ensure the certainty and timeliness of funding so that the Division of Financial Institutions may continue to carry out its purpose and functions of licensure, supervision, and examination and provide necessary consumer protections.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 3075, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3075, S.D. 1, and be referred to your Committee on Ways and Means.

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




ROSALYN H. BAKER, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:
SB 3075	CPN. WAM	2-4-2022
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
BAKER, Rosalyn H. (C)	X	
CHANG, Stanley (VC)	X	
DECOITE, Lynn	X	
NISHIHARA, Clarence K.	X	
RIVIERE, Gil	X	
SAN BUENAVENTURA, Joy A.	X	
FEVELLA, Kurt		X
TOTAL	6	0
0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

*Only one measure per Record of Votes