

Honolulu, Hawaii

FEB 16, 2006

RE: H.B. No. 2506

H.D. 1

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

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2506 entitled:

"A BILL FOR AN ACT RELATING TO THE FUEL TAX,"

begs leave to report as follows:

The purpose of this measure is to exempt county mass transit buses from the state fuel tax.

The City and County of Honolulu's Department of Transportation Services and Oahu Transit Services, Inc. testified in support of this measure. The state Department of Transportation opposed this measure. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that the City and County of Honolulu and the state Department of Transportation are developing a more comprehensive transportation system for the island of Oahu. Since the system appears to be in the planning stage, your Committee has amended the bill by adding a sunset date of July 1, 2016, until more information on the system is provided to your Committee.

Your Committee has also amended this measure by:

- (1) Inserting exemption in section 243-7, Hawaii Revised Statutes, relating to exemptions to chapter 243, Hawaii Revised Statutes (fuel tax), instead of adding a new section to chapter 243;



- (2) Clarifying that this measure exempts the "sale" and not the "purchase" of liquid fuel by county transportation systems; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2506, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2506, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



HERMINA MORITA, Chair



