

Honolulu, Hawaii

APR 17, 2006

RE: S.B. No. 3186
S.D. 2
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 3186, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this bill is to explore approaches ensuring that Hawaii's consumers enjoy fair and competitive gasoline prices by:

- (1) Amending sections 486H-13 and 486H-16, Hawaii Revised Statutes, the Maximum Pre-tax Wholesale Gasoline Price Program, to:
 - (A) Add the Singapore spot daily price in determining the baseline gasoline price, with the lowest three of the four geographic market average weekly prices averaged for the State's baseline gasoline price;
 - (B) Require the Public Utilities Commission (PUC) to use the average of the remaining business days for a week that contains a holiday or holidays;
 - (C) Delete the location adjustment factor;
 - (D) Reduce the marketing margin factor from 18 to 14 cents;



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- (E) Allocate different percentages of the zone price adjustment to different distributors performing different functions in the distribution system; and
 - (F) Allow the zone price adjustments and the allocation of the zone price adjustments to be adjusted on a zone-by-zone basis;
- (2) Identifying unfair trade practices in the petroleum industry and providing penalties;
 - (3) Requiring each refiner to semi-annually file with PUC informational cost reports, including detailed operating and overhead cost information;
 - (4) Establishing the Petroleum Industry Monitoring, Analysis, and Reporting Program, to be developed and administered by PUC;
 - (5) Establishing the Petroleum Industry Monitoring, Analysis, and Reporting Special Fund;
 - (6) Suspending the maximum pre-tax wholesale gasoline price law; and
 - (7) Repealing the maximum pre-tax wholesale gasoline price law effective January 1, 2011.

The Gas Company testified in support of this bill with amendments. Aloha Petroleum, Ltd., supported the intent of this measure. The Department of Budget and Finance opposed this bill in part. The Department of Business, Economic Development, and Tourism, PUC, Western States Petroleum Association, and a concerned individual provided comments.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.



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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. 3186, 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. 3186, S.D. 2, H.D. 2.

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



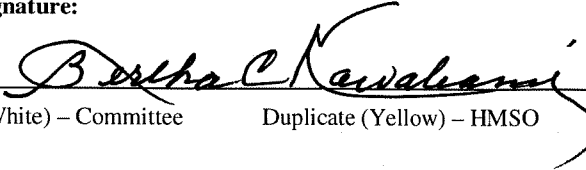
DWIGHT TAKAMINE, Chair



State of Hawaii
House of Representatives
The Twenty-third Legislature

HSCR 1681-06

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 3186, SD2, HD1		Date: 4.4.06		
Committee Referral: EEP/CPC/JUD, FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAMINE, Dwight Y. (C)	✓			
2. KAWAKAMI, Bertha C. (VC)	✓			
3. CARROLL, Mele				✓
4. CHONG, Pono	✓			
5. EVANS, Cindy	✓			
6. LEE, Marilyn B.	✓			
7. MAGAOAY, Michael Y.	✓			
8. NAKASONE, Bob	✓			
9. NISHIMOTO, Scott Y.	✓			
10. TANAKA, Kameo				✓
11. TSUJI, Clift	✓			
12. WAKAI, Glenn	✓			
13. YAMANE, Ryan I.	✓			
14. YAMASHITA, Kyle T.	✓			
15. MEYER, Colleen Rose				✓
16. MOSES, Mark S.		✓		
17. PINE, Kymberly		✓		
18. STEVENS, Anne V.		✓		
TOTAL	12	3		3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				