

STAND. COM. REP. NO. **2112**

Honolulu, Hawaii

Feb. 15, 2006

RE: S.B. No. 2119
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Energy, Environment, and International Affairs and Transportation and Government Operations, to which was referred S.B. No. 2119 entitled:

"A BILL FOR AN ACT RELATING TO A VEHICLE CONVERSION TAX CREDIT,"

beg leave to report as follows:

The purpose of this measure is to provide a tax credit for the purchase of equipment to convert a vehicle to low emission, energy-efficient technologies, including the cost of conversion, up to fifty percent of the cost or \$2,500.

The Rocky Mountain Institute, The Gas Company, and the Hawaii Automobile Dealers' Association submitted testimony in support of this measure. The Department of Business, Economic Development, and Tourism and the Department of Taxation submitted comments.

Your Committees find that the use of low emission energy efficient fuels is in the public interest as it addresses serious concerns about the environment and our dependence on petroleum based fuels. The cost of low emission energy efficient technologies remains high in relation to motor vehicles that employ more traditional technologies. As a result, consumers who might otherwise choose a low emission energy efficient vehicle are forced by economic necessity to continue to use motor vehicles that are fueled by more conventional means. This measure helps defray the cost of converting a motor vehicle to operate



exclusively on a low emission energy efficient fuel or in a dual fuel mode.


Upon further consideration, your Committees amended this measure by:

- (1) Providing that the tax credit shall be applied to the taxpayer's net income tax liability, if any, for the taxable year in which the credit is properly claimed;
- (2) Adding the appropriate effective date language for a tax law; and
- (3) Making technical, non-substantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Energy, Environment, and International Affairs and Transportation and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2119, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2119, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Energy,
Environment, and International
Affairs and Transportation and
Government Operations,


LORRAINE R. INOUE, Chair


J. KALANI ENGLISH, Chair



