

STAND. COM. REP. NO.

1887

Honolulu, Hawaii

April 5, 2007

RE: S.B. No. 1034
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1034, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to level the playing field and create a fairer market for all inter-island airlines by exempting common carriers from the general excise (GE) and use taxes for fuel for use in intrastate transportation.

The Tourism Liaison of the Department of Business, Economic Development, and Tourism, Aloha Airlines, Hawaiian Airlines, Chamber of Commerce of Hawaii, Hawaii Chapter of the March of Dimes, Hawaii Fueling Facilities Corporation, Aloha Airlines Pilots' Union, Association of Flight Attendants, Transport Workers Union, International Association of Machinists and Aerospace Workers and Plumbers and Fitters Union supported this bill. The Department of Taxation (DOTAX) and Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Inserting a cap of \$3.8 million in exemptions from the GE and use taxes;

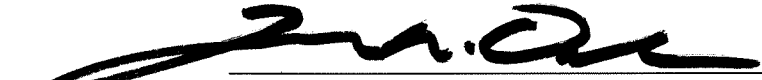
SB1034 HD1 HSCR FIN HMS 2007-3624



- (2) Requiring a report from DOTAX regarding revenue loss in the first year of the tax exemption;
- (3) Changing the effective date to July 1, 2020, to encourage further discussion;
- (4) Inserting a sunset date of December 31, 2009; and
- (5) Making technical, nonsubstantive changes for 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. 1034, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1034, S.D. 2, H.D. 1.

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



MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HS 1887

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 1034 SD2	Date: 4/2/07			
Committee Referral: EDB, TRN, FIN	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 45%;"> <input type="checkbox"/> Pass, unamended <input type="checkbox"/> Hold </div> <div style="width: 45%;"> <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration </div> </div>				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. BELATTI, Della Au	✓			
4. BROWER, Tom	✓			
5. CARROLL, Mele	✓			
6. CHONG, Pono	✓			
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. MAGAOAY, Michael Y.	✓			
10. MANAHAN, Joey	✓			
11. MIZUNO, John	✓			
12. NAKASONE, Bob	✓			
13. RHOADS, Karl	✓			
14. SAGUM, Roland D., III	✓			
15. TOKIOKA, James Kunane	✓			
16. AWANA, Karen Leinani	✓			
17. MEYER, Colleen Rose	✓			
18. WARD, Gene, Ph.D.	✓			
TOTAL	18	0	0	0
The recommendation is: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div> <div style="width: 45%;"> If joint referral, _____ did not support recommendation. <div style="text-align: center; margin-top: 5px;"> committee acronym(s) Marilyn B. Lee </div> </div> </div>				
Vice Chair's or designee's signature: <div style="text-align: center; margin-top: 10px;"> Marilyn B. Lee </div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				