

Honolulu, Hawaii

April 27, 2007RE: S.B. No. 992
S.D. 1
H.D. 2
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

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

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 992, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to support the generation of electricity with fuels that are lower in cost and air emissions by clarifying that naphtha fuel sold for use in power-generating facilities will be taxed at the rate of one-cent per gallon, with an effective date of July 1, 2020, and a repeal date of December 31, 2009.

Current technology allows for a variety of liquid fuels to power electric-generation facilities, as opposed to the use of diesel fuel or oil fuel. These new technologies allow for the use of multiple types of liquid fuels, such as naphtha, that were previously used solely for transportation purposes.



Section 243-4, Hawaii Revised Statutes (HRS), sets the tax rates for numerous fuels, such as diesel oil and aviation fuel at one-cent per gallon and other fuels at the much higher county fuel tax rates; however, this section does not specifically address the tax rate for naphtha fuel. Your Committee on Conference understands that this ambiguity has resulted in naphtha fuel used in power-generation facilities being taxed at the rate of one-cent per gallon, the same rate as diesel fuel, which your Committee on Conference finds to be in conformity with the intent of section 243-4, HRS.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon approval, and adding a two-year sunset date;
- (2) Providing that the rate of tax for naphtha as provided for in section 243-4(a)(3), Hawaii Revised Statutes, shall be effective retroactively and apply to any imposition of the fuel tax on naphtha sold for use in a power-generating facility; and
- (3) Making technical, nonsubstantive amendments for clarity, style, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 992, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 992, S.D. 1, H.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE


HERMINA MORITA, Co-Chair


KYLE T. YAMASHITA, Co-Chair


MELE CARROLL, Co-Chair


ROM MENOR, Chair


ROSALYN W. BAKER, Co-Chair


CAROL FUKUNAGA, Co-Chair



Hawaii State Legislature

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 992, SD 1, HD 2	Date/Time: 4/21/07
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

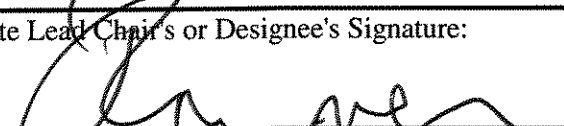
The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
MENOR, Ron, Chr.	X				MORITA, Hermina M., Co-Chr.	X			
BAKER, Rosalyn H., Co-Chr.	X				YAMASHITA, Kyle T., Co-Chr.	X			
FUKUNAGA, Carol, Co-Chr.	X				CARROLL, Mele, Co-Chr.	X			
HOOSER, Gary L.	X				WAKAI, Glenn				X
TRIMBLE, Gordon				X	THIELEN, Cynthia				X
TOTAL	4			1	TOTAL	3			2

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:


House Lead Chair's or Designee's Signature:


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