

Honolulu, Hawaii

Feb 4, 2008

RE: H.B. No. 2922

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 2922 entitled:

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

begs leave to report as follows:

The purpose of this bill is to lower the fuel tax for diesel oil sold for use in a power-generating facility to a tax rate of one cent per gallon instead of two cents per gallon.

The Kauai Island Utility Cooperative testified in support of this bill. The Department of Transportation opposed this measure. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

One provision of Act 209, Session Laws of Hawaii 2007, was to re-enact the general excise tax exemption for alcohol fuel to help reduce the cost of gasoline for Hawaii's consumers. In doing so, a one-cent increase in the license tax of diesel oil was enacted. As the exemption was apparently intended to provide relief for consumers of transportation fuels, it does not appear that the increase for diesel oil used for power-generating facilities was intended.

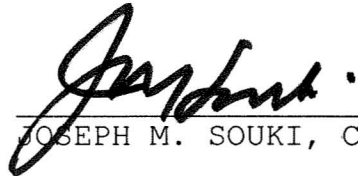
Although your Committee notes that the exception in the increase of the fuel tax on diesel oil provided for in this measure will result in revenue losses for the State Highway Fund, the fiscal implications of this measure are beyond the subject matter of this Committee and your Committee on Transportation



respectfully requests the Committee on Finance to consider this matter further.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2922 and recommends that it pass Second Reading and be referred to the Committee on Energy & Environmental Protection.

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



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JOSEPH M. SOUKI, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

HSCR 84-08

**Record of Votes of the Committee on Transportation**

<b>Bill/Resolution No.:</b> HB 2922	<b>Committee Referral:</b> TRN, EEP, FIN	<b>Date:</b> 30 January 2008		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>TRN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. SOUKI, Joseph M. (C)	/			
2. NISHIMOTO, Scott Y. (VC)	/			
3. EVANS, Cindy	/			
4. HAR, Sharon E.	/			
5. LEE, Marilyn B.	/			
6. LUKE, Sylvia	/			
7. McKELVEY, Angus L.K.				/
8. NAKASONE, Bob	/			
9. SONSON, Alex M.				/
10. TAKAMINE, Dwight Y.	/			
11. TAKUMI, Roy M.	/			
12. MEYER, Colleen Rose				/
13. PINE, Kymberly Marcos		/		
<b>TOTAL (13)</b>	9	1		3
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <span style="margin-left: 150px;">committee acronym(s)</span>				
<b>Vice Chair's or designee's signature:</b>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office				