

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1285
S.D. 1

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

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 1285 entitled:

"A BILL FOR AN ACT RELATING TO TAX,"

begs leave to report as follows:

The purpose of this measure is to exempt the sale of liquid fuels and alcohol fuels from the general excise tax (GET), and to increase the fuel tax 1 cent per gallon.

The Department of Taxation, Department of Transportation, and the Tax Foundation of Hawaii submitted comments.

Your Committee received a revenue impact statement from the Department of Taxation (Department) that an increase in the state fuel tax will increase revenue for the State Highway Fund by \$9,200,000 annually. The GET exemption for alcohol fuels will reduce the general fund revenue by \$100,000 annually.

In its methodology the Department stated that the GET exemption for alcohol fuel expired on December 31, 2006, but the Council on Revenues did not put the tax increase into the baseline projections for the general fund. The increase in fuel tax will increase revenues for the State Highway Fund by the following amounts, based on calendar year 2006 collections: gasoline, \$4,730,000; diesel oil (non-highway), \$1,320,000; aviation fuel, \$2,120,000; diesel oil (highway), \$1,000,000; all other, \$30,000, for a total of \$9,200,000.




It is the intent of your Committee to continue the legislative discussion on this measure.

Your Committee has amended this measure accordingly, by inserting an effective date of July 1, 2045, and making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1285, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 1285, S.D. 1.


Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,


CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1285	TIAJENE, EDT, WAM	2/15/07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam			✓	
TOTAL	3		1	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink		
File with Committee Report	Clerk's Office	Drafting Agency		

*Only one measure per Record of Votes