

STAND. COM. REP. NO.

2287

Honolulu, Hawaii

FEB 13 2008

RE: S.B. No. 2519
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committees on Economic Development and Taxation and Energy and Environment, to which was referred S.B. No. 2519 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to except entities that use diesel oil for power-generating facilities from the additional one cent increase in diesel oil license taxes.

Testimony in support of this measure was submitted by Kauai Island Utility Cooperative. Comments on the measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Act 209, Session Laws of Hawaii 2007, increased the rate of license tax imposed upon fuel distributors by section 243-4, Hawaii Revised Statutes, by an additional one cent per gallon of liquid fuel. Your Committees find that in enacting Act 209, the Legislature did not intend the increased rate to be applicable to diesel oil sold or used for electrical power-generating facilities. Rather, your Committees believe that the intent of the Act was to tax other transportation related fuels that did not contain alcohol.

Accordingly, it is the intent of your Committees to support an exemption from the additional one cent license tax on diesel oil that is used by power-generating facilities.

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Your Committees received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would not result in any impact to the general fund, but would reduce revenues to the State Highway Fund by \$600,000 in fiscal year 2008, \$1,200,000 in fiscal year 2009, and \$600,000 in fiscal year 2010. The measure would not have any impact on the State Highway Fund after fiscal year 2010. Their methodology is as follows:

The tax rate on the fuel is set to decrease from two cents per gallon to one cent on December 31, 2009, thus multiplying the rate changes by one hundred twenty million gallons of diesel oil used by the State for non-highway purposes in fiscal year 2007 would result in the fluctuating fiscal impact to the State Highway Fund.

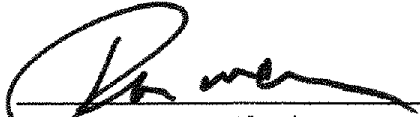
Your Committees have amended this measure by:

- (1) Repealing the repeal of the definition of "power-generating facility", which is scheduled to occur on December 31, 2009 under Act 103, Session Laws of Hawaii 2007;
- (2) Ensuring that the amendments made to section 243-4, Hawaii Revised Statutes, by this Act will not be repealed when that section is repealed on December 31, 2009; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2519, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2519, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Taxation and
Energy and Environment,



RON MENOR, Chair



CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

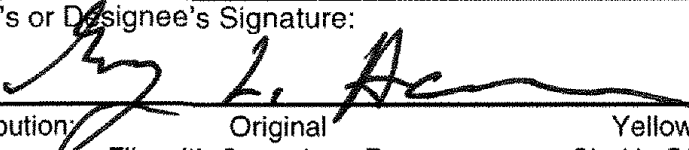
Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2519	EDT/ENE, WAM	2/7/08		
<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)	✓			
BAKER, Rosalyn H.	✓			
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
TOTAL	5			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 2519	Committee Referral: EOT/ENE, WAM	Date: 2/07/08		
<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
MENOR, Ron (C)	✓			
HOOSER, Gary L. (VC)	✓			
IHARA, Jr., Les				✓
KOKUBUN, Russell S.	✓			
TRIMBLE, Gordon		✓		
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				

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