

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 2764
S.D. 1

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

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 2764 entitled:

"A BILL FOR AN ACT RELATING TO ETHANOL FACILITY TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to encourage the construction and operation of large-capacity ethanol production facilities.

Specifically, this measure repeals the qualifying capacity limits of ethanol production facilities, provides a vehicle to change the total ethanol facility tax credits allowed per year, and repeals the sunset provision with respect to the total nameplate capacity for qualifying ethanol production facilities.

Testimony in support of this measure was submitted by Alexander & Baldwin, Inc. and Hawai'i BioEnergy LLC. Comments were submitted by the Department of Taxation; Department of Business, Economic Development, and Tourism; and the Tax Foundation of Hawaii.

Your Committee finds that in regards to the ethanol facility tax credit, repealing the nameplate capacity qualifying limits would allow flexibility in the size of an ethanol facility and would encourage the construction and operation of small and large-capacity ethanol production facilities.

The Department of Business, Economic Development, and Tourism has suggested to your Committee that completely repealing the cap



on credits allowed for each facility or for the maximum aggregate annual credits payable could be problematic.

Accordingly, your Committee has amended this measure by allowing both large and small facilities to receive the same tax credit for their first 15 million gallons of ethanol produced each year of production.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2764, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2764, S.D. 1, and be referred to the Committee on Economic Development and Taxation.


Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,


RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 2764	Committee Referral: ENE, EDT, WAM	Date: 1/31/08		
<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			2
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