

STAND. COM. REP. NO.

2062

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 2766
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 Energy and Environment and Commerce, Consumer Protection, and Affordable Housing, to which was referred S.B. No. 2766 entitled:

"A BILL FOR AN ACT RELATING TO ETHANOL,"

beg leave to report as follows:

The purpose of this measure is to allow an income tax credit for the owner of a retail station for the actual cost of installation of E-85 fueling facilities.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawai'i BioEnergy; and Aloha Petroleum, Ltd. Testimony in opposition was received from the Department of Taxation. Comments were received from the Tax Foundation of Hawaii.

Your Committees find that the current obstacle to the establishment of E-85 fueling stations in Hawaii is most likely the required certification of the dispensing equipment by Underwriters Laboratory. Testimony indicated that the Honolulu Fire Department denied a local fuel company's application for installation because the equipment had not yet been approved by Underwriters Laboratory. The difficulty in obtaining certification of equipment may discourage dealers from installing equipment. The provision of a tax credit may motivate the effort.

Your Committees note the concerns of the Department of Taxation that the language of the measure is "underdeveloped and

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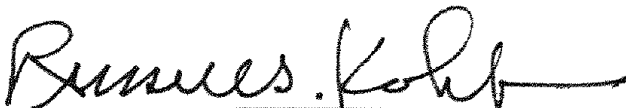
requires additional common requirements associated with other tax credits," which the Department is willing to provide language for, upon request. Your Committees request the Department to provide such language for the next committee's consideration.

In addition, your Committees note the concern of the Department of Business, Economic Development, and Tourism that the measure should include a recapture provision if an E-85 fueling facility is used for its intended purpose. Your Committees believe that this particular issue is more appropriately addressed by your Committees in Economic Development and Taxation and recommend that it be brought to the Committees' attention as this measure progresses through the legislative process.

Your Committees have amended this measure by changing the effective date to July 1, 2050, in the interest of facilitating continued discussion.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2766, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2766, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Commerce,
Consumer Protection, and
Affordable Housing,



RUSSELL S. KOKUBUN, Chair

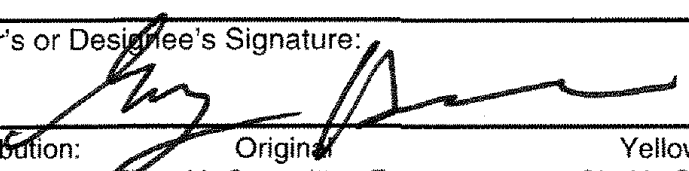


RON MENOR, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii


Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB2766	Committee Referral: ENE/CPH, 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 File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	

*Only one measure per Record of Votes

The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2766	ENE/CPH, EDT, WAM	2/1/08		
<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
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
TANIGUCHI, BRIAN T.				✓
TRIMBLE, Gordon	✓			
TOTAL	4	-	~	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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