

STAND. COM. REP. NO.

2526

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2766  
S.D. 2

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

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 2766, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ETHANOL,"

begs 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 Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, and Aloha Petroleum, Ltd. Comments were received from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds 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 Committee has amended this measure on the recommendation of the Department of Taxation for preciseness and clarity. Your Committee has also defined the "actual cost of installation" to



mean the plans, design, construction, and materials necessary to put in place an E-85 fueling facility at a site.

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. 2766, S.D. 1, 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. 2766, S.D. 2.

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



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CAROL FUKUNAGA, Chair



