

STAND. COM. REP. NO.

86

Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 985
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 Energy and Environment, to which was referred S.B. No. 985 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to reduce petroleum dependency and encourage the use of hybrid vehicles.

The measure attempts to accomplish this purpose by offering tax credits to individuals who purchase hybrid motor vehicles.

Your Committee received testimony in support of this measure from two individuals. Testimony supporting the intent of this measure was submitted by the Sierra Club, Hawai'i Chapter and the Alliance of Automobile Manufacturers. The Department of Taxation, the Tax Foundation of Hawaii, and one individual submitted comments on this measure.

The Department of Taxation was unable to determine the fiscal impact of the measure due to the fact that the amount of the tax credit is unspecified.

Your Committee finds that minimizing the use of fossil fuels is essential to Hawaii's energy independence. An effective mechanism to encourage the purchase of vehicles that are powered by alternative fuels is needed. Your Committee further finds that general excise tax exemptions are the most effective and expedient means of achieving this goal.

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Accordingly, your Committee amended this measure by removing the tax credit language and inserting language that offers a general excise tax exemption to purchasers of "alternative fuel vehicles." Your Committee defined "alternative fuel vehicle" as a motor vehicle that obtains forty miles or more per gallon and as defined in section 30B of the Internal Revenue Code (with respect to all alternative motor vehicle tax credit), and includes advanced lean burn technology motor vehicles, alternative fuel motor vehicles, fuel cell motor vehicles, and hybrid motor vehicles.

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. 985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 985, 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,

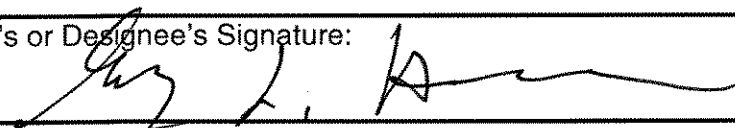


RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 985	Committee Referral: ENE, EDT, WAM	Date: 2/06/07		
<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
MENOR, Ron (C)	✓			
HOOSER, Gary L. (VC)	✓			
IHARA, Jr., Les				✓
KOKUBUN, Russell S.	✓			
TRIMBLE, Gordon	✓			
TOTAL	4			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