



**The Chamber of
Commerce of Hawaii**

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**Testimony to the Senate Committee on Ways and Means
Thursday, February 21, 2008 at 9:30 a.m.
Conference Room 211, State Capitol**

SUBJECT: SENATE BILL 2913 SD1 – RELATING TO TAXATION

Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). I appreciate the opportunity to state The Chamber's support of Senate Bill No. 2913 SD1, relating to Taxation, with comments.

The Chamber is the largest business organization in Hawaii, representing 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The measure, as received by your Committee, exempts from general excise and use taxes the fuel sold from a foreign-trade zone for interisland air transportation by common carriers.

The Chamber, through its Tourism Committee, encourages a broad base of understanding, support and appreciation for the Tourism and Travel Industries within the business community, Legislature and the general public. The committee also supports visitor industry growth and improvement while working to enhance the visitor experience.

The Chamber understands the value and significance of the airline industry, especially our local carriers, who in addition to serving the travel needs for the people of Hawaii and beyond, has contributed significantly to the community. Any decline in the travel industry harms all businesses and the local economy. As a result, the Chamber wants to embrace and strengthen the commercial aviation sector.

This bill proposes to give fuel tax relief for intrastate air transportation by common carriers. The Chamber believes this is a relevant step in the right direction of giving aid to the industry. Airlines are facing serious challenges today, and exempting them from the general excise and use tax on aviation fuel will help to alleviate some financial burdens. Additionally, this measure provides a fair and balanced relief to the local carriers as well as is consistent with the federal law relating to interstate commerce.

However, The Chamber prefers the original language and asks the committee to amend the effective date to July 1, 2008.

In light of this, The Chamber of Commerce of Hawaii urges your support of Senate Bill 2913 SD1 and respectfully requests that the committee take into consideration the Chamber's proposed amendments.

Thank you for the opportunity to express our views on this matter.