

STAND. COM. REP. NO.

853

Honolulu, Hawaii

Month 6, 2009

RE: H.B. No. 1491

H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1491, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to ensure fiscal stability during the economic slump by reducing the aggregate annual cap on the Ethanol Facility Tax Credit (Tax Credit) from \$12,000,000 to \$8,000,000 for one and a half years from July 1, 2011, until December 31, 2012.

The Department of Business, Economic Development, and Tourism opposed this measure. The Department of Taxation, Tax Foundation of Hawaii, and Hawaii BioEnergy provided comments.

Your Committee finds that while fiscal responsibility in this time of budgetary difficulty is prudent, the Tax Credit is an important tool in developing a renewable energy industry in Hawaii. To ensure the continuation of renewable energy projects within the state, once the economy recovers, it is crucial that investors are confident in the knowledge that the industry has the full support of the State. Accordingly, your Committee has amended this bill by providing that the full aggregate annual credit is reinstated after December 31, 2012.

HB1491 HD2 HSCR FIN HMS 2009-2527

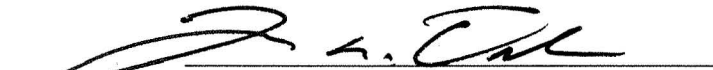


Your Committee has also amended this bill by:

- (1) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1491, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1491, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



