

STAND. COM. REP. NO. 280

Honolulu, Hawaii
Feb 18, 2009

RE: H.B. No. 371
H.D. 1

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

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 371, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this bill is to maintain the viability of
naphtha as fuel for power-generating facilities, by making
permanent the one-cent per gallon tax on naphtha sold for use in a
power-generating facility to produce electricity.

Kauai Island Utility Cooperative and Hamakua Energy Partners,
L.P. testified in support of this bill. The Department of
Taxation, Department of Health, Department of Transportation, and
Tax Foundation of Hawaii provided comments.

Naphtha is an environmentally cleaner, petroleum-based fuel
for power generation due to its lower sulfur content and lower
levels of emitted carbon dioxide upon burning. Certain power
generating stations have air pollution control permits requiring
the burning of naphtha to achieve lower stack emissions. By
making permanent the one-cent per gallon tax on naphtha used to
produce electrical power, this bill clarifies that such uses of
naphtha are not subject to higher fuel license taxes under section
243-4, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your
Committee on Consumer Protection & Commerce that is attached to

this report, your Committee is in accord with the intent and purpose of H.B. No. 371, H.D. 1, and recommends that it be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



