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HOUSE COMMITTEE ON TRANSPORTATION

TESTIMONY REGARDING SB 37 SD 2 RELATING TO INTRA-COUNTY FERRY SERVICE

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: MARCH 16, 2009

TIME: 9AM

ROOM: 309

This legislation provides a general excise tax (GET) exemption for fuel sold to an intra-county ferry service.

The Department of Taxation (Department) **opposes the revenue loss contemplated by this measure.**

I. TRANSPORTATION ALTERNATIVES ARE IMPORTANT.

The Department recognizes the transportation infrastructure limitations currently experienced in Maui County. Providing additional transportation methods is an issue worth pursuing. However, given the current budget projections, the Legislature should consider these measures at a later date.

II. CANNOT SUPPORT THE FISCAL IMPACT AT THIS TIME.

The Department cannot support the tax provision in this measure because it is not factored into the budget. The Department must be cognizant of the biennium budget and financial plan. This measure has not been factored into either. Given the forecasted decrease in revenue projections, this measure would add to the budget shortfall.

III. REVENUE ESTIMATE

Assuming a current effective date, this legislation will result in a revenue loss to the general fund in the amount of \$67,500 per year.