

STAND. COM. REP. NO.

367

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 447

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 447 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to repeal the sunset date on the provision of Act 103, Session Laws of Hawaii 2007, that clarified the taxation rate for naphtha, a liquid fuel sold for use in electric power generation.

The effect of this provision of Act 103 is to allow naphtha to continue to be taxed at the same rate of one cent per gallon as that applied to diesel oil, gasoline, and aviation fuel.

Testimony in support of the measure was submitted by two private organizations. Comments were submitted by two departments and one private organization. Written testimony presented to your Committee may be reviewed on the Legislature's website.

Your Committee finds that both Hamakua Energy Partners on the Big Island and the Kauai Island Utility Cooperative Kapaia generating station on Kauai have air pollution control permits that require the burning of naphtha, resulting in lower stack emissions. The passage of this measure would assure that naphtha remains a viable fuel for these power generating facilities.

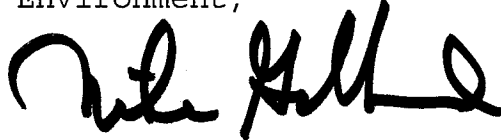
As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of

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S.B. No. 447 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



MIKE GABBARD, Chair



