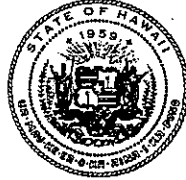


NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
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HOUSE COMMITTEE ON FINANCE

LATE

TESTIMONY OF THE DEPARTMENT OF TAXATION
REGARDING HB 123 HD 1
RELATING TO INTRA-STATE AVIATION

TESTIFIER: FREDERICK D. PABLO, DIRECTOR OF TAXATION (OR
DESIGNEE)
COMMITTEE: FIN
DATE: MARCH 3, 2011
TIME: 10:00AM

POSITION: COMMENT ON REVENUE IMPACT

This bill proposes to exempt aviation fuel purchased from a foreign trade zone from the state general excise and use taxes for fuel used in inter-island travel.

This legislation is estimated to result in a revenue loss of \$11.7 million per year.

LATE TESTIMONY

TESTIMONY OF KEONI WAGNER ON BEHALF OF HAWAIIAN AIRLINES REGARDING H.B. NO. 123, HD 1, RELATING TO INTRA-STATE AVIATION

March 3, 2011

To: Chairman Marcus R. Oshiro and Members of the House Committee on Finance:

My name is Keoni Wagner and I am the Vice President of Public Affairs for Hawaiian Airlines speaking on behalf of Hawaiian regarding H.B. No. 123, HD 1.

This bill is similar to the bills which were submitted during previous legislative sessions to clarify the applicability of an existing Federal exemption from state taxes on all aviation fuel sold from a foreign trade zone (FTZ) for interisland flights between points within the State of Hawaii. Under current State interpretation of the law, carriers that operate flights between Hawaii and the mainland or international destinations enjoy the benefit of this exemption, but interisland carriers do not. We continue to believe that, under the federal definition of interisland flights as "interstate commerce," this exemption applies to interisland flights as well.

Hawaiian is acutely aware of the difficult budgetary decisions being weighed by the Legislature this session and would like to thank the Committee for considering this measure.

Thank you for the opportunity to comment on this measure.