

STAND. COM. REP. NO.

889

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 123
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 123, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INTRA-STATE AVIATION,"

begs leave to report as follows:

The purpose of this bill is to assist the airline industry by exempting from the:

- (1) General excise tax amounts received from the sale of aviation fuel admitted into a foreign-trade zone and purchased by a common carrier for consumption or use in air transportation between two points in the State; and
- (2) Use tax amounts received from the use of aviation fuel admitted into a foreign-trade zone and used by a common carrier for consumption or use in air transportation between two points in the State.

The Department of Taxation, Tax Foundation of Hawaii, and Hawaiian Airlines provided comments on this bill.

Your Committee has amended this bill by:

- (1) Changing its effective date to July 1, 2030, to encourage further discussion; and

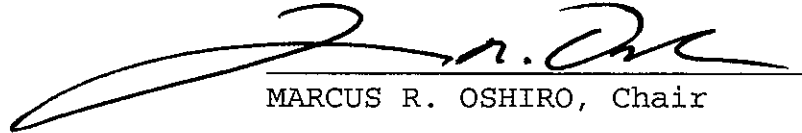
HB123 HD2 HSCR FIN HMS 2011-2865



- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 123, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 123, H.D. 2.

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



MARCUS R. OSHIRO, Chair



