

STAND. COM. REP. NO. **2951**

Honolulu, Hawaii

**MAR 23 2012**

RE: H.B. No. 2740

H.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Energy and Environment, to which was referred H.B. No. 2740, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to maintain the reduced cost of electricity generation fueled by naphtha by extending the sunset date of the reduced fuel license tax rate on naphtha used in a power-generating facility to December 31, 2015.

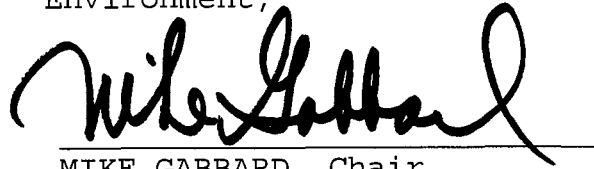
Your Committee received testimony in support of this measure from the Public Utilities Commission and Kauai Island Utility Cooperative. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that if the fuel license tax rate on naphtha fuel is allowed to increase, the price of electricity will follow. The fuel license tax rate for naphtha is scheduled to increase more than tenfold on December 31, 2012. This measure would prevent this unwarranted increase in the tax rate.

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 H.B. No. 2740, H.D. 1, 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,

A handwritten signature in black ink, appearing to read "Mike Gabbard", written in a cursive style. The signature is positioned above a horizontal line.

MIKE GABBARD, Chair



