

Honolulu, Hawaii

MAR 02 2012

RE: S.B. No. 2977  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2977, S.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 establish an income tax credit for aviation fuel taxes paid by interisland airplane carriers to transport people and goods between the islands of this State using turbo propeller airplanes.

Your Committee finds that the tax credit established by this measure would assist interisland airplane carriers by reducing their overall fuel costs. Your Committee also finds that this would enable the carriers to keep fares low, which benefits interisland air travelers. However, your Committee believes that it is counterproductive to limit a carrier's ability to qualify for this tax credit based on the type of aircraft the carrier operates.

Your Committee has amended this measure by:

- (1) Deleting the requirement that an interisland airplane carrier operate turbo propeller airplanes to qualify for the tax credit established by this measure;
- (2) Clarifying the tax credit is for aviation fuel taxes passed on to an interisland airplane carrier by a distributor;



- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2977, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2977, S.D. 2.


Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
DAVID Y. IGE Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2977, SD1	TIA, WAM	2- <sup>mark</sup> 27-12
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310
<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
	Nay	Excused
IGE, David Y. (C)	✓	
KIDANI, Michelle N. (VC)	✓	
CHUN OAKLAND, Suzanne	✓	
DELA CRUZ, Donovan M.		✓
ENGLISH, J. Kalani	✓	
ESPERO, Will	✓	
FUKUNAGA, Carol	✓	
KIM, Donna Mercado	✓	
KAHELE, Gilbert	✓	
KOUCHI, Ronald D.	✓	
RYAN, Pohai	✓	
TOKUDA, Jill N.	✓	
WAKAI, Glenn	✓	
SLOM, Sam	✓	
<b>TOTAL</b>	13	0 0 1
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

\*Only one measure per Record of Votes