

STAND. COM. REP. NO. **2100**

Honolulu, Hawaii

FEB 10 2012

RE: S.B. No. 2978

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

Sir:

Your Committee on Transportation and International Affairs,  
to which was referred S.B. No. 2978 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a tax deduction for the amount of interisland airplane carrier landing fees and terminal facility lease rents in any county with a population of less than 500,000 persons.

Your Committee received testimony in opposition of this measure from the Department of Transportation. Comments were received from the Department of Taxation, State Attorney General, Tax Foundation of Hawaii, and Hawaiian Airlines.

Your Committee finds that small turbo propeller airplanes play a vital role in the transport or conveying of baggage, passengers, and goods between the islands of this State.

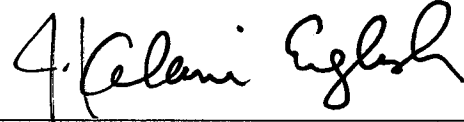
The services provided by these airplanes are particularly critical for Hawaii's isolated rural communities, which often have few or no alternative means of transportation. In today's highly competitive economy, the operators of these small airplanes struggle to maintain and expand their operations to serve Hawaii's residents.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the



intent and purpose of S.B. No. 2978 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 Transportation and  
International Affairs,



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J. KALANI ENGLISH, Chair



