

STAND. COM. REP. NO. **1583**

Honolulu, Hawaii
April 8, 2011

RE: S.B. No. 772
S.D. 2
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 S.B. No. 772, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO BIOFUEL FACILITIES,"

begs leave to report as follows:

The purpose of this bill is to encourage the production of renewable energies to help support energy security in Hawaii by expanding the existing ethanol facility tax incentive to include other liquid biofuels and electricity generated from agricultural feedstocks beginning January 1, 2014.

Pacific West Energy, LLC; Pacific West Energy Kauai, LLC; the Hawaii Carpenters Union; Aina Koa Pono; and a concerned individual supported this bill. The Department of Business, Economic Development & Tourism (DBEDT), Department of Taxation, Tax Foundation of Hawaii, Hawaii BioEnergy, Hawaii Renewable Energy Alliance, and Pacific Biodiesel, Inc., provided comments.

Your Committee has amended this bill by:

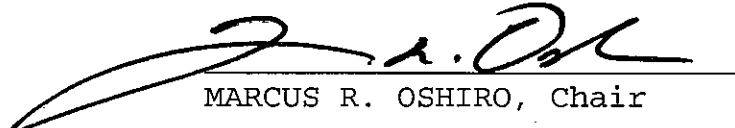
- (1) Removing language that extends the ethanol facility tax incentive to electricity production facilities;
- (2) Modifying the tax incentive reporting requirement to require taxpayers claiming the tax incentive to provide

specified information to the Director of DBEDT at a time and frequency determined by the Director;

- (3) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (4) 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 S.B. No. 772, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 772, S.D. 2, H.D. 2.

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


MARCUS R. OSHIRO, Chair



