

NEIL ABERCROMBIE
GOVERNOR

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STATE OF HAWAII
DEPARTMENT OF TAXATION
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DEPUTY DIRECTOR

LATE

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING SB 720 RELATING TO TAXATION

TESTIFIER: FREDERICK D. PABLO, INTERIM DIRECTOR OF
TAXATION (OR DESIGNEE)

COMMITTEE: ENE

DATE: FEBRUARY 1, 2011

TIME: 3:30PM

POSITION: SUPPORT INTENT; CONCERNED WITH COST

This measure proposes to exempt rentals of plug-in electric vehicles from the rental motor vehicle surcharge tax.

The Department of Taxation (Department) **supports the intent** of this policy; however has **concerns regarding the revenue loss**.

SUPPORT FOR ALTERNATIVE ENERGY TRANSPORTATION—The Department recognizes the importance of this legislation because this bill provides an attractive incentive that serves as another step in the right direction for minimizing Hawaii's dependence on fossil fuels. The Department recognizes the importance of Hawaii's energy independence and strongly supports policies to that effect.

DEFINITION OF ELECTRIC VEHICLE—The Department suggests using the definition of "qualified electric vehicle" as defined by Section 30 of the Internal Revenue Code. This will allow for a conforming definition and the development of that definition pursuant to federal regulations and case law.

NOT FACTORED INTO BUDGET—The Department must be cognizant of the biennium budget and financial plan. This measure has not been factored into either.

REVENUE IMPACT—This measure will result in a revenue loss of approximately \$300,000 to the Highway Fund per year beginning in FY 2012.