

Honolulu, Hawaii  
February 14, 2014

RE: H.B. No. 2060  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2060, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to achieve greater energy security for Hawaii by developing more self-sufficiency with regard to energy supply. Specifically, this measure:

- (1) Establishes a renewable fuels production tax credit; and
- (2) Repeals the ethanol facility tax credit.

The Department of Transportation, Pacific Biodiesel Technologies, Hawaii Renewable Energy Alliance, Blue Planet Foundation, Maui Venture Consulting LLC, and numerous concerned individuals testified in support of this measure. Ulupono Initiative testified in support of this bill with amendments. The Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii provided comments.

Hawaii is one of the most isolated land masses on Earth and lacks the means of production for traditional petrochemical fuels. Hawaii imports nearly 90 percent of its energy supply, including various forms of fossil fuel. This makes the state extremely vulnerable to soaring prices or market disruptions which can



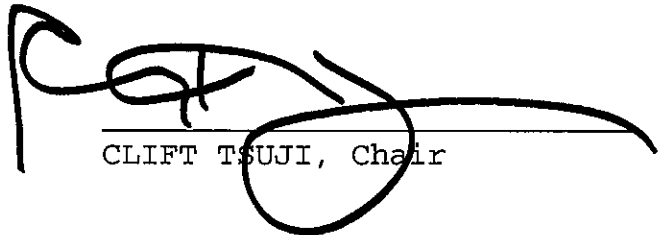
hinder, cripple, or even devastate the State's economy and the well-being of its inhabitants. Thus, it is critical for Hawaii to become more energy self-sufficient. The establishment of a renewable fuels production tax credit has the potential to significantly increase renewable energy growth in Hawaii and address our future energy needs.

Your Committee has amended this measure by:

- (1) Specifying that the right to claim the renewable fuels production tax credit will be lost if a taxpayer claiming the credit fails to provide certain information in writing to the Department of Taxation and Department of Business, Economic Development, and Tourism;
- (2) Changing its effective date to January 20, 2050; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2060, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 2060, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



CLIFT TSUJI, Chair



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

HSCR 423-14

**Record of Votes of the Committee on Economic Development & Business**

Bill/Resolution No.: <b>HB 2060, HD1</b>	Committee Referral: <b>EEP, EDB, FIN</b>	Date: <b>2/11/14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. WARD, Gene (VC)	/			
3. AWANA, Karen	/			
4. BROWER, Tom	/			
5. CACHOLA, Romy M.				/
6. ITO, Ken	/			
7. CHOY, Isaac W.	/			
8. OHNO, Takashi	/			
9. ONISHI, Richard H.K.	/			
10. TOKIOKA, James Kunane	/			
11. WOOLEY, Jessica	/			
<b>TOTAL (11)</b>	<b>10</b>			<b>1</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				