

Honolulu, Hawaii

APR 04 2014

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

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2060, H.D. 2, 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 facilitate greater energy security for the State by encouraging the production of renewable fuels.

More specifically, this measure:

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

Your Committee received written comments in support of this measure from the Blue Planet Foundation, Extended Horizons, Hawaii Island Economic Développement Board, Hawaii Leeward Planning Conference, Hawaii Renewable Energy Alliance, Kona Brewing Company, Pacific Biodiesel Technologies, Renewable Energy Action Coalition of Hawaii, Ulupono Initiative, and twenty-one individuals. The Department of the Attorney General, Department of Business, Economic Development, and Tourism, Department of Taxation, and Tax Foundation of Hawaii submitted written comments on the measure.



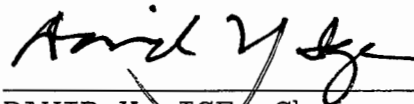
Your Committee finds that Hawaii is extremely vulnerable to soaring prices or disruptions of its energy imports, which can hinder, cripple, or even devastate the State's economy and the well-being of its inhabitants. Your Committee also finds that, as the most isolated land mass on Earth, Hawaii imports nearly ninety per cent of its energy needs. Your Committee believes that this measure will facilitate greater energy security for the State by ensuring that its energy supply becomes more self-sufficient.

Your Committee has amended this measure by:

- (1) Changing the cap amount and aggregate cap amounts of the tax credit to unspecified amounts;
- (2) Requiring taxpayers who claim the tax credit to complete an annual survey;
- (3) Appropriating funds to the Department of Business, Economic Development, and Tourism to administer the annual survey; 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 H.B. No. 2060, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2060, H.D. 2, S.D. 2.

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



DAVID Y. IGE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

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

Bill / Resolution No.:* <b>HB 2060, HD 2, SD 1</b>	Committee Referral: <b>ENE, WAM</b>	Date: <b>3-28-14</b>		
<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	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
	<b>12</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
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\*Only one measure per Record of Votes