

STAND. COM. REP. NO.

412

Honolulu, Hawaii

February 20, 2015

RE: H.B. No. 1243

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1243 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to maintain the viability of naphtha as fuel for power-generating facilities by making permanent the one-cent per gallon tax on naphtha sold for use in a power-generating facility to produce electricity.

The Kauai Island Utility Cooperative testified in support of this measure. The Department of Taxation and Tax Foundation provided comments.

Your Committee notes that legal concerns were raised by the Department of Taxation regarding possible conflicts with regard to the naphtha fuel tax contained in the current law. According to the Department, the naphtha fuel tax was increased from one cent per gallon to two cents per gallon in 2009 by Act 198, Session Laws of Hawaii, 2009. However, Act 198, did not accomplish this through amendments to Act 103, Session Laws of Hawaii, 2007, which established the one cent fuel tax on naphtha. Therefore, the Department is unsure whether the two cents per gallon tax enacted in 2009 actually has a sunset date.

HB1243 HD1 HSCR EEP HMS 2015-1945



While your Committee understands these concerns, it has not had the ability to examine this issue more closely. Should the Committee on Finance deliberate further on this measure, your Committee on Energy and Environmental Protection respectfully requests it to consider this issue as part of its deliberations.

Your Committee has amended this measure by extending the sunset provision on the one-cent per gallon tax on naphtha sold for use in a power-generating facility to produce electricity for an additional three years rather than making the tax permanent.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1243, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1243, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



CHRIS LEE, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR 412

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 1243	Committee Referral: EEP, FIN	Date: 2/12/15		
<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)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LEE, Chris (C)	/			
2. LOWEN, Nicole E. (VC)	/			
3. CULLEN, Ty J.K.	/			
4. EVANS, Cindy	/			
5. ING, Kaniela	/			
6. NISHIMOTO, Scott Y.	/			
7. SAY, Calvin K.Y.	/			
8. YAMANE, Ryan I.	/			
9. POUHA, Feki	/			
10. THIELEN, Cynthia	/			
TOTAL (10)	10	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Nicole E. Lowen</i></u>				
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