

Honolulu, Hawaii

APR 29 2016

RE: S.B. No. 2652
S.D. 2
H.D. 2
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2652, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of measure bill is to:

- (1) Establish a five-year renewable fuels production tax credit;
- (2) Require the Department of Business, Economic Development, and Tourism to certify all renewable fuels production tax credits and submit a report regarding the production and sale of renewable fuels to the Governor and Legislature each year;
- (3) Repeal the existing ethanol facility tax credit;



- (4) Establish an organic foods production tax credit; and
- (5) Require the Department of Agriculture to certify all organic foods production tax credits.

Your Committee on Conference finds that Hawaii is 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 populated land mass on Earth, Hawaii imports nearly ninety percent of its energy and almost one hundred percent of its transportation resources. Your Committee further finds that it is critical for Hawaii to ensure greater energy security by becoming more self-sufficient in its energy supply.

Your Committee on Conference has amended this measure by:

- (1) Deleting the organic foods production tax credit;
- (2) Making the annual dollar amount of the tax credit equal to twenty cents per seventy-six thousand British thermal units of renewable fuels;
- (3) Capping the amount of the tax credit an individual taxpayer may claim at \$3,000,000 per taxable year;
- (4) Capping the amount of credits the Department of Business, Economic Development, and Tourism may certify at \$3,000,000 in the aggregate; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2652, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2652, S.D. 2, H.D. 2, C.D. 1.



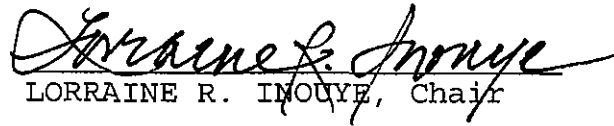
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

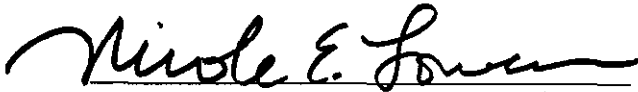
ON THE PART OF THE SENATE



CHRIS LEE, Co-Chair



LORRAINE R. INOUE, Chair



NICOLE E. LOWEN, Co-Chair



JILL N. TOKUDA, Co-Chair



Hawaii State Legislature

CCR 115-16

Record of Votes of a
Conference Committee

| | |
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| Bill / Concurrent Resolution No.: SB 2652, SD 2, HD 2 | Date/Time: 4-29-2016 5:32 PM |
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

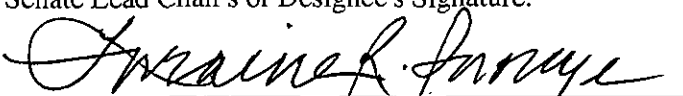
The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

| Senate Managers | A | WR | N | E | House Managers | A | WR | N | E |
|--------------------------|----------|----------|----------|----------|---------------------------|----------|----------|----------|----------|
| INOUE, Lorraine R., Chr. | ✓ | | | | LEE, Chris, Co-Chr. | ✓ | | | |
| TOKUDA, Jill N., Co-Chr. | ✓ | | | | LOWEN, Nicole E., Co-Chr. | ✓ | | | |
| GABBARD, Mike | ✓ | | | | ONISHI, Richard H.K. | ✓ | | | |
| | | | | | TUPOLA, Andria P.L. | | | | ✓ |
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| TOTAL | 3 | - | - | - | TOTAL | 3 | - | - | 1 |

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:


House Lead Chair's or Designee's Signature:


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