

Honolulu, Hawaii

FEB 15 2017

RE: S.B. No. 769
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred S.B. No. 769 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to define "aircraft" to include helicopters for purposes of the general excise tax exemption on services and maintenance of aircraft.

Your Committee received testimony in support of this measure from the Maui Chamber of Commerce; Maui Hotel & Lodging Association; Pacific Helicopter Tours, Inc.; Jack Harter Helicopters; Blue Hawaiian Helicopters; Sunshine Helicopters; and one individual. Your Committee received testimony in opposition to this measure from Americans for Democratic Action Hawaii; Progressive Democrats of Hawaii; Life of the Land; and three individuals. Your Committee received comments on this measure from Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the aviation industry is important for inter-island travel for tourism, medical needs, and inter-island commerce. The State's economy is highly dependent on tourism and the ability to travel between islands. There is a proliferation of helicopter use in the State for travel, recreational, and medical needs. As such, the service and maintenance of helicopters and construction of related facilities should be exempt from the general excise tax in the same manner as the service and maintenance of other aircraft.



Your Committee has amended this measure by:

- (1) Clarifying that its purpose is to only exempt helicopter service and maintenance and construction of related facilities from the general excise tax; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Energy that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 769, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 769, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Energy,


LORRAINE R. INOUE, Chair



