

STAND. COM. REP. NO.

3148

Honolulu, Hawaii

MAR 23 2018

RE: H.B. No. 2007
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred H.B. No. 2007, H.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 create general excise tax equity among the types of aircraft in the State by amending the definition of "aircraft" to include helicopters.

Your Committee received testimony in support of this measure from Maui Hotel and Lodging Association, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Blue Hawaiian Helicopters, and Hawaii Helicopters. Your Committee received testimony in opposition to this measure from the Mayor of the County of Hawaii. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the State relies on a well-functioning aircraft industry in order to have a strong, robust economy. In order to ensure the health of the aircraft industry, the State offers certain tax exemptions, such as exempting from the general excise tax the amounts received for servicing and maintenance of aircraft. However, your Committee notes that the current definition of "aircraft" does not include helicopters,



which have grown increasingly popular for air travel. Furthermore, your Committee heard testimony that this measure would not lead to complete tax equity among aircraft even with the addition of helicopters to the definition of "aircraft", as the definition would still omit smaller airplanes that operate with one jet engine or propellers.

Accordingly, your Committee has amended this measure by:

- (1) Amending the definition of "aircraft" in section 237-24.9, Hawaii Revised Statutes, by removing language that limits the definition to craft that operate with two or more jet engines;
- (2) Amending its purpose section to more accurately reflect its contents; and
- (3) Making a technical, nonsubstantive amendment 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 H.B. No. 2007, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2007, H.D. 1, 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. INOUYE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:* HB2007 HD1	Committee Referral: TRE, WAM	Date: 3/14/2018		
<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
INOUE, Lorraine R. (C)	X			
ESPERO, Will (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
SHIMABUKURO, Maile S.L.	X			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Will Espero</i></div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes