

Honolulu, Hawaii

FEB 13 2019

RE: S.B. No. 656
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 656 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Include helicopters in the definition of "aircraft" for purposes of the aircraft service and maintenance facility general excise tax exemption;
- (2) Expand the types of aircraft eligible for the aircraft service and maintenance facility general excise tax exemption by removing the qualification of an aircraft having two or more jet engines; and
- (3) Eliminate the space requirements for the aircraft service and maintenance facility general excise tax exemption and add a requirement that seventy-five percent of helicopters serviced within any aircraft service and maintenance facility be equipped with quiet technology.

Your Committee received testimony in support of this measure from the Blue Hawaiian Helicopters. Your Committee received testimony in opposition to this measure from the Office of the



Mayor of the County of Hawai'i, Life of the Land, and three individuals. Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Safari Aviation Inc., Activities and Attractions Association of Hawaii, and one individual.

Your Committee finds that the State relies on a well-functioning aircraft industry in order to have a strong and robust economy. In order to ensure the health of the aircraft industry, the State offers an exemption to the general excise tax for the servicing and maintenance of aircrafts. In existing law, helicopters are not considered an aircraft and therefore do not receive the advantages of a general excise tax exemption. Your Committee further finds that due to Hawaii's vast and natural beauty, helicopters have grown increasingly popular for tours. This measure would encourage the expansion of the helicopter industry in Hawaii, resulting in an increase in revenue for the State.


Your Committee has amended this measure by:

- (1) Specifying the tax period that the taxpayer must meet the seventy-five percent threshold requirement;
- (2) Reinstating the space requirement for an aircraft service and maintenance facility; and
- (3) Inserting a definition for "quiet technology".

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 656, 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,


LORRAINE R. INOUÉ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Transportation
TRS

Bill / Resolution No.:* <i>SB 656</i>	Committee Referral: <i>TRS, VAm</i>	Date: <i>2/6/19</i>		
<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
INOUYE, Lorraine R. (C)	✓			
HARIMOTO, Breene (VC)	✓			
ENGLISH, J. Kalani	✓			
SHIMABUKURO, Maile S.L.	✓			
FEVELLA, Kurt	✓			
TOTAL	5			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Breene Hunt</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes