

STAND. COM. REP. NO. 2857

Honolulu, Hawaii

MAR 04 2022

RE: S.B. No. 2478
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2478, S.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 promote the development of renewable fuels production.

More specifically, this measure reinstates the renewable fuels production tax credit.

Your Committee received written comments in support of this measure from the Hawaii State Energy Office, Alliance for Automotive Innovation, Biotechnology Innovation Organization, Hawaii Clean Power Alliance, Hawaii Gas, Simonpietri Enterprises, and six individuals.

Your Committee received written comments in opposition to this measure from the Climate Protectors Hawaii, Pet Food Institute, and one individual.

Your Committee received written comments on this measure from the Department of Budget and Finance, Department of Taxation, and Tax Foundation of Hawaii.



Your Committee finds that Hawaii is vulnerable to soaring prices and disruptions of its energy imports, which can hinder, cripple, or even devastate the State's economy and the well-being of its inhabitants. As the most isolated land mass on Earth, Hawaii imports nearly ninety percent of its energy and almost one hundred percent of its transportation resources. Your Committee believes that it is critical for Hawaii to ensure greater energy security by becoming more self-sufficient in its energy and food supply.

Your Committee further finds that Act 202, Session Laws of Hawaii 2016, established a renewable fuels production tax credit for the purpose of achieving greater energy security for Hawaii. However, the tax credit was repealed on December 31, 2021.


Your Committee has amended this measure by:

- (1) Changing all references to the "Department of Business, Economic Development, and Tourism" and the "Director of Business, Economic Development, and Tourism" to the "Hawaii State Energy Office" and the "Chief Energy Officer of the Hawaii State Energy Office", respectively;
- (2) Extending the credit period from five years to ten years;
- (3) Authorizing a taxpayer claiming the tax credit to receive a refund for excess credit amounts if the taxpayer agrees to reduce the amount of the tax credit;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (5) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2478, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2478, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

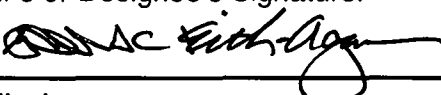


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2478, SD 1	Committee Referral: EET, WAM	Date: 2/23/22		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MISALUCHA, Bennette E.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	11			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes