

STAND. COM. REP. NO. **2401**

Honolulu, Hawaii

FEB 17 2022

RE: S.B. No. 2721
S.D. 1

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

Sir:

Your Committees on Energy, Economic Development, and Tourism and Transportation, to which was referred S.B. No. 2721 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY TAX,"

beg leave to report as follows:

The purpose and intent of this measure is to subject aviation fuel to the Environmental Response, Energy, and Food Security Tax beginning January 1, 2023.

Your Committees received testimony in support of this measure from Hawai'i Natural Energy Institute and two individuals. Your Committees received testimony in opposition of this measure from the Department of Transportation and Airlines for America. Your Committees received comments on this measure from the Department of the Attorney General, Department of Taxation, Hawai'i State Energy Office, Tax Foundation of Hawaii, and Simonpietri Enterprises.

Your Committees find that implementing a tax on each barrel or fractional part of a barrel of gasoline or other aviation fuel sold for use in or used for airplanes would result in over \$6,000,000 in tax revenues for the State. However, your Committees recognize that under federal law, specifically the 49 U.S.C. section 47133, the uses of taxes collected on aviation fuel are exclusively limited to the operating or capital costs related to airports, local airport systems, or local facilities and that



are directly and substantially related to the air transportation of passengers or property.

Accordingly, your Committees have amended this measure by:

- (1) Clarifying the language establishing a tax on each barrel or fractional part of a barrel of gasoline or other aviation fuel sold for use in or used for airplanes by placing it in a new section;
- (2) Creating a special fund for the flight assistance tax established above; provided that:
 - (A) Fifty percent of the moneys in the special fund shall be set aside for the maintenance, operation, and repair of the statewide system of airports;
 - (B) Thirty percent of the moneys in the special fund shall be set aside for airport innovation projects; and
 - (C) Twenty percent of the moneys in the special fund shall be set aside for aeronautical and aerospace development; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

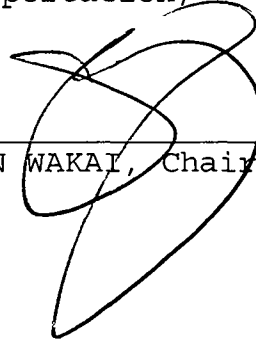
As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2721, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2721, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Energy, Economic
Development, and Tourism and
Transportation,



CHRIS LEE, Chair



GLENN WAKAI, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* SB 2721	Committee Referral: EET/TRS, WAM	Date: 2/7/22
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


Distribution:

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File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy

***Only one measure per Record of Votes**

The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation
TRS

Bill / Resolution No.:* SB 2721	Committee Referral: EET/TRS, WAM	Date: 2-7-2020
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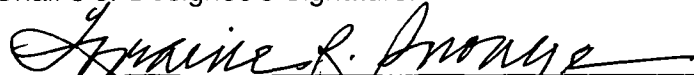
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Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)		✓		
DECOITE, Lynn	✓			
SHIMABUKURO, Maile S.L.	✓			
FEVELLA, Kurt	✓			
TOTAL	4	1	0	0

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


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