STAND. COM. REP. NO. 2112

Honolulu, Hawaii

Fob. 15

, 2006

RE:

S.B. No. 2119

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committees on Energy, Environment, and International Affairs and Transportation and Government Operations, to which was referred S.B. No. 2119 entitled:

"A BILL FOR AN ACT RELATING TO A VEHICLE CONVERSION TAX CREDIT,"

beg leave to report as follows:

The purpose of this measure is to provide a tax credit for the purchase of equipment to convert a vehicle to low emission, energy-efficient technologies, including the cost of conversion, up to fifty percent of the cost or \$2,500.

The Rocky Mountain Institute, The Gas Company, and the Hawaii Automobile Dealers' Association submitted testimony in support of this measure. The Department of Business, Economic Development, and Tourism and the Department of Taxation submitted comments.

Your Committees find that the use of low emission energy efficient fuels is in the public interest as it addresses serious concerns about the environment and our dependence on petroleum based fuels. The cost of low emission energy efficient technologies remains high in relation to motor vehicles that employ more traditional technologies. As a result, consumers who might otherwise choose a low emission energy efficient vehicle are forced by economic necessity to continue to use motor vehicles that are fueled by more conventional means. This measure helps defray the cost of converting a motor vehicle to operate

exclusively on a low emission energy efficient fuel or in a dual fuel mode.

Upon further consideration, your Committees amended this measure by:

- (1) Providing that the tax credit shall be applied to the taxpayer's net income tax liability, if any, for the taxable year in which the credit is properly claimed;
- (2) Adding the appropriate effective date language for a tax law; and
- (3) Making technical, non-substantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Energy, Environment, and International Affairs and Transportation and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2119, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2119, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Environment, and International Affairs and Transportation and Government Operations,

LORRAGNE R. INQUYE, Chair

J. KALANI ENGLISH, Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Energy, Environment and International Affairs (Bills and Resolutions)

Measure:*	Committee Referral:		Date:					
SB 2119	EIA/TG	O, WAM	Fe	February 9, 2006				
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:								
The Recommendation is to:								
Pass, unamended (2312)					Hold Recommit (2310) (2313)			
Members		Ayes	Ayes(WR)	Nays	Excused			
ENGLISH, J. Kalani (C)								
KOKUBUN, Russell S. (VC)								
HANABUSA, Colleen		- 	."					
HOOSER, Gary L. HEMMINGS, Fred				. '				
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TOTAL		3			2			
Recommendation: Adopted 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								

^{*}Do $\underline{\text{not}}$ list more than one measure per Record of Votes.

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Transportation and Government Operations (Bills and Resolutions)

Measure:* 5B 2119	Committee Referral: Date: 2/9/06							
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:								
The Recommendation is to:								
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)								
Members		Ayes	Ayes(WR)	Nays	Excused			
INOUYE, Lorraine R. (C)		<u> </u>			ļ			
ESPERO, Will (VC)								
BAKER, Rosalyn H.	Janes Company							
HEE, Clayton	A Maria			112.1% Tw				
KANNO, Brian					/			
MENOR, Ron								
WHALEN, Paul								
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TOTAL		4			3			
Recommendation: Adopted 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								

^{*}Do not list more than one measure per Record of Votes.