STAND. COM. REP. NO. 2778

Honolulu, Hawaii

FEB 2 9 2008

RE: S.B. No. 2764

S.D. 3

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

## Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2764, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ETHANOL FACILITY TAX CREDIT," begs leave to report as follows:

The purpose of this measure is to repeal the qualifying capacity limits provision of the ethanol facility tax credit.

The measure also provides a vehicle to change the total amount of ethanol facility tax credits allowed per year and repeals the sunset provision with respect to the total annual nameplate capacity for qualifying ethanol production facilities.

Your Committee received testimony in support of the measure from Alexander and Baldwin Company. Your Committee received comments on the measure from the Department of Business, Economic Development, and Tourism, the Department of Taxation, and the Tax Foundation of Hawaii.

Your Committee finds that since April 2, 2006, at least eighty-five per cent of Hawaii's gasoline has been E-10 unleaded, which means gasoline containing ten per cent ethanol. Unfortunately, since there is no ethanol produced in Hawaii, the State imports \$96,000,000 worth of ethanol from foreign markets to meet the E-10 requirement.

This measure represents an opportunity for the State not only to invest in and capitalize on the E-10 gas requirement, but also

to reduce its dependence on fossil fuels and establish Hawaii as a green, energy efficient state.

Your Committee has amended the measure by removing the blank amounts representing the total ethanol facility tax credits allowed per year. By retaining the \$12,000,000 limit on tax credits, the State will be able to quantify the cost of the tax credit and better manage the new ethanol production industry.

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. 2764, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2764, S.D. 3.

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

ROSALYN H DBAKER, Chair

## The Senate Twenty-Fourth Legislature State of Hawaii

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral:			Date:	
SB2764,5D2	ENG, EDT, WAM		М	2/21/08	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WF	R) Nay	Excused
BAKER, Rosalyn H. (C)		1			
TSUTSUI, Shan S. (VC)		1			
CHUN OAKLAND, Suzanne					
ENGLISH, J. Kalani					
FUKUNAGA, Carol		/			
HOOSER, Gary L.		,			
INOUYE, Lorraine R.					
KIM, Donna Mercado					
MENOR, Ron		/			
TOKUDA, JIII N.					
HEMMINGS, Fred					
WHALEN, Paul			100 miles		
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TOTAL		11	D	1	0
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					

<sup>\*</sup>Only one measure per Record of Votes