

STAND. COM. REP. NO.

969

Honolulu, Hawaii

MAR 24 2009

RE: H.B. No. 142
H.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Transportation, International and Intergovernmental Affairs, to which was referred H.B. No. 142, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INTRA-STATE AVIATION,"

begs leave to report as follows:

The purpose of this measure is to exempt aviation fuel from the general excise and use taxes when it is purchased from within a foreign-trade zone by a common carrier for use in intra-state transportation.

Your Committee received testimony in support of this measure from the Airlines Committee of Hawaii; and Island Air. Comments were received from the Department of Business, Economic Development and Tourism; Department of Taxation; and the Tax Foundation of Hawaii. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that a healthy interisland airline industry is vital to the State's economy. Hawaii's interisland airlines continue to face severe financial challenges. Sales of fuel sold from a foreign-trade zone for use by airlines traveling out of the State are exempt from general excise and use taxes. However, interisland flights are not exempt.

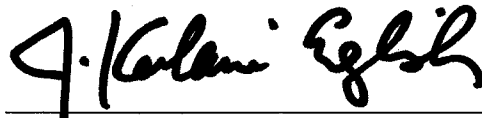
Your Committee further finds that exempting common carriers from the general excise and use taxes for sales of fuel from a



foreign-trade zone for interisland flights would level the playing field and create a fairer market for all airlines.

As affirmed by the record of votes of the members of your Committee on Transportation, International and Intergovernmental Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 142, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,
International and
Intergovernmental Affairs,



J. KALANI ENGLISH, Chair



Record of Votes
Committee on Transportation, International and Intergovernmental Affairs
TIA

*Only one measure per Record of Votes