

STAND. COM. REP. NO.

946

Honolulu, Hawaii

MAR 25 2009

RE: H.B. No. 370
H.D. 2
S.D. 1

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

Madam:

Your Committee on Energy and Environment, to which was referred H.B. No. 370, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to revert the license tax on liquid fuels back to one cent per gallon for diesel oil used in electric power generation by a power-generating facility regulated by the Public Utilities Commission.

Testimony in support of this measure was submitted by one private organization. Testimony in opposition to this measure was submitted by two state departments. Comments were on this measure were submitted by one private organization. Written testimony presented to your Committee may be reviewed on the Legislature's website.

Your Committee finds that Act 209, Session Laws of Hawaii 2007 (Act 209), increased the tax on diesel fuel from one cent to two cents per gallon, regardless of use. Your Committee believes that the Legislature, in passing Act 209, did not intend to impact electrical power generating facilities with this tax increase. Therefore, the reversion to the one cent rate is appropriate.

Your Committee also finds that, while the measure will have an impact on the State Highway Fund, it is important that the State move forward to provide fairness to electricity customers



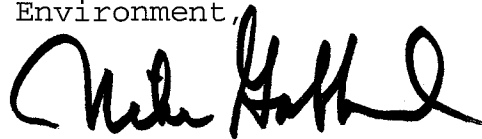
across the State. For example, Kauai Island Utility Cooperative (KIUC) currently generates approximately one-half of its annual production of electricity using diesel oil. The additional one cent tax annually adds about \$150,000 to its costs, which are passed to KIUC ratepayers.

Your Committee has amended this measure by:

- (1) Changing the effective date of the measure from July 1, 2020, to July 1, 2009; and
- (2) Making nonsubstantive, technical changes for consistency and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 370, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 370, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



MIKE GABBARD, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>HB 370 HD 2</i>	<i>ENE, WAM</i>	<i>3-17-9</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 </div>				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	✓			
ENGLISH, J. Kalani (VC)				✓
GREEN, M.D., Josh	✓			
HOOSER, Gary L.	✓			
IHARA, Jr., Les	✓			
KOKUBUN, Russell S.				✓
HEMMINGS, Fred				✓
TOTAL	<i>4</i>	<i>0</i>	<i>0</i>	<i>3</i>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"><i>J. L. M.</i></div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: small; margin-top: 5px;"> Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div>				

*Only one measure per Record of Votes