

STAND. COM. REP. NO. 3266

Honolulu, Hawaii

APR 05 2012

RE: H.B. No. 2740  
H.D. 1  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2740, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to maintain the reduced cost of electricity generation fueled by naphtha by extending the sunset date of the reduced fuel tax on naphtha used in a power-generating facility.

Written comments in support of this measure were submitted by the Department of Taxation and Kauai Island Utility Cooperative.

Your Committee finds that the current fuel license tax rate for naphtha is scheduled to expire on December 31, 2012. Allowing the special tax rate on naphtha fuel to expire would cause a more than ten-fold increase in the fuel tax rate for certain power generating facilities. Extending the sunset date would help prevent an increase in energy production costs.

Your Committee has amended this measure by:

- (1) Extending the sunset date of the reduced fuel tax on naphtha fuel used in a power-generating facility from December 31, 2015, to December 31, 2017;



- (2) Changing the effective date to July 1, 2050, to facilitate further discussion of the measure; and
- (3) Making technical nonsubstantive amendments for the purpose of conforming to preferred drafting conventions.

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 H.B. No. 2740, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2740, H.D. 1, S.D. 1.

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



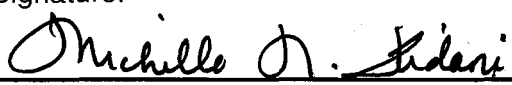
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DAVID Y. IGE, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2740 HD1	ENE, WAM	3-28-12
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313
Members	Aye	Aye (WR)
Nay	Excused	
IGE, David Y. (C)	/	
KIDANI, Michelle N. (VC)	/	
CHUN OAKLAND, Suzanne	/	
DELA CRUZ, Donovan M.	/	
ENGLISH, J. Kalani	/	
ESPERO, Will	/	
FUKUNAGA, Carol	/	
KIM, Donna Mercado		/
KAHELE, Gilbert	/	
KOUCHI, Ronald D.	/	
RYAN, Pohai	/	
TOKUDA, Jill N.	/	
WAKAI, Glenn	/	
SLOM, Sam	/	
<b>TOTAL</b>	13	0      0      1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
<b>Distribution:</b> Original      Yellow      Pink      Goldenrod File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy		

\*Only one measure per Record of Votes