

Honolulu, Hawaii

APR 29 2016

RE: S.B. No. 2131
S.D. 2
H.D. 2
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2131, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Establish a state fuel license tax of two cents for each gallon of naphtha sold for use in a power-generating facility;
- (2) Require deposits into the high technology special fund of monies from appropriations or other funds that are required by law to be deposited into the fund;
- (3) Authorize the Director of Finance to issue general obligation bonds in an unspecified sum for the development



of an electrolysis process hydrogen production, storage, and dispensing facility;

- (4) Appropriate general funds for deposit into the high technology special fund; provided that the total amount of monies in the fund shall not exceed \$4,800,000 at the end of fiscal year 2016-2017;
- (5) Appropriate funds out of the high technology special fund for operating costs for an electrolysis process hydrogen production, storage, and dispensing facility; provided that matching funds on a dollar-for-dollar basis are provided by private enterprise; and
- (6) Require the High Technology Development Corporation to adopt administrative rules to enable the establishment, collection, and deposit into the high technology special fund of fees imposed on the sale of hydrogen made commercially available at facilities that are funded in whole or in part by this measure.

Your Committee on Conference finds that in 2007, the Legislature enacted a fuel license tax on naphtha fuels sold to a power generating facility. Prior to its repeal, the tax was set at two cents per gallon. However the tax was repealed on December 31, 2015. This measure restores the fuel license tax of two cents per gallon for naphtha fuels sold to a power generating facility.

This measure also requires that any appropriations or other funds required by law to be deposited into the high technology special fund be deposited into the fund. Your Committee on Conference finds that such deposits are standard procedure for special funds.

Your Committee on Conference has amended this measure by:

- (1) Deleting the appropriations and general obligation bond authorizations;
- (2) Deleting the requirement for administrative rules;
- (3) Changing the effective date to upon its approval; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2131, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2131, S.D. 2, H.D. 2, C.D. 1.

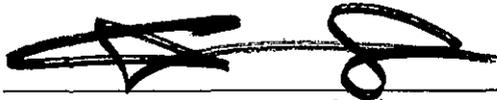
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

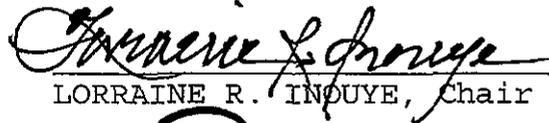
ON THE PART OF THE SENATE



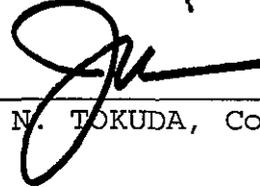
CHRIS LEE, Co-Chair



SYLVIA LUKE, Co-Chair



LORRAINE R. INOUE, Chair



JILL N. TOKUDA, Co-Chair



