

STAND. COM. REP. NO. 2767

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2652  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2652, S.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 foster greater energy security for Hawaii.

Specifically, this measure:

- (1) Establishes a renewable fuels production tax credit; and
- (2) Repeals the existing ethanol facility tax credit.

Your Committee received written comments in support of this measure from the Department of Transportation, Hawaii Energy Policy Forum, Hawaii Gas, Hawaii Island Chamber of Commerce, Hawaii Renewable Energy Alliance, Pacific Biodiesel Technologies, Renewable Energy Action Coalition of Hawaii, Ulupono Initiative, and one individual.

Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism, Department of Taxation, Tax Foundation of Hawaii, and one individual.

Your Committee finds that Hawaii is vulnerable to soaring prices or disruptions of its energy imports, which can hinder,

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cripple, or even devastate the State's economy and the well-being of its inhabitants. Your Committee also finds that, as the most isolated populated land mass on Earth, Hawaii imports nearly ninety per cent of its energy and almost one hundred per cent of its transportation resources. Your Committee further finds that it is critical for Hawaii to ensure greater energy security by becoming more self-sufficient in its energy supply.

Your Committee has amended this measure by:

- (1) Changing the renewable fuels production tax credit from a refundable tax credit to a nonrefundable tax credit; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

Your Committee notes that the Department of Taxation has raised concerns that certain provisions of the measure may be interpreted to violate the Commerce Clause of the United States Constitution. Should this measure be heard by other standing committees, your Committee respectfully requests that those committees consult with the Attorney General regarding these concerns.

Your Committee also notes that the Department of Business, Economic Development, and Tourism will require approximately \$100,000 and a 0.5 full-time equivalent position to administer the duties required under the measure.

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. 2652, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2652, S.D. 2.

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

  
\_\_\_\_\_  
JILL N. TOKUDA, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

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

Bill / Resolution No.:* <b>SB 2652, SD1</b>	Committee Referral: <b>TRE, WAM</b>	Date: <b>3 / 1 / 16</b>		
<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-between;"> <div> <input type="checkbox"/> Pass, unamended 2312         </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div> <input type="checkbox"/> Hold 2310         </div> <div> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.				/
WAKAI, Glenn	/	/		
SLOM, Sam				
<b>TOTAL</b>	<b>9</b>	<b>1</b>		<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between;"> <div> <b>Distribution:</b>            Original            File with Committee Report         </div> <div>           Yellow            Clerk's Office         </div> <div>           Pink            Drafting Agency         </div> <div>           Goldenrod            Committee File Copy         </div> </div>				

\*Only one measure per Record of Votes