

STAND. COM. REP. NO.

559

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 421

H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 421, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this measure is to establish a five-year general excise tax exemption starting January 1, 2020, for amounts received from the servicing and maintenance of helicopters in an aircraft service and maintenance facility or from the construction of a facility that services and maintains helicopters; provided that 75% of the helicopters serviced and maintained annually in the facility are equipped with quiet technology.

Hawaii Helicopters, Andaz Maui at Wailea Resort, Aviation Tech Associates LLC, Blue Hawaiian Helicopters, Maui Hotel & Lodging Association, and Hawaii Care & Cleaning, Inc. testified in support of this measure. The Mayor of the County of Hawai'i testified in opposition to this measure. The Department of Taxation, Tax Foundation of Hawaii, and a concerned individual commented on this measure.

Your Committee finds that while tax policy is completely separate from noise issues due to helicopter operations near populated areas, this tax incentive will economically motivate its

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adoption throughout the industry, thereby alleviating these operational noise concerns.

Your Committee has amended this measure by amending the definition of "quiet technology" to mean the use of design, technologies, and structure modifications to rotocraft to reduce or redirect the sound generated by the engine exhaust, tail, or the main rotor, and that reduces the craft's total overall noise level by no fewer than an unspecified amount of decibels.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 421, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 421, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



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ANGUS L.K. MCKELVEY, Chair



