

STAND. COM. REP. NO.

887

Honolulu, Hawaii

March 6, 2015

RE: H.B. No. 1471
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1471, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE FUNDING OF GOVERNMENT PROGRAMS,"

begs leave to report as follows:

The purpose of this measure is to apply a fair and equitable taxation policy to all fossil fuels to advance Hawaii's clean energy, food security, and climate change policies by expanding the application of the environmental response, energy, and food security tax to all fossil fuels.

The Department of Business, Economic Development, and Tourism; Office of Hawaiian Affairs; Hawaii Renewable Energy Alliance; and Blue Planet Foundation supported this measure. The Department of Taxation; Tax Foundation of Hawaii; Hawaii Gas; Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd.; and AES Hawaii, Inc. commented on this measure.

Your Committee has amended this measure by:

- (1) Adopting the proposed amendment provided by Hawaii Gas, which allows for a gas utility to recover the cost of the tax imposed as part of its fuel cost in its Fuel Adjustment Charge without further approval by the Public Utilities Commission;

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- (2) Adopting the proposed amendment provided by AES Hawaii, Inc., which clarifies the ability of an independent power producer to pass the tax on to an electric utility; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1471, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1471, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



