

Honolulu, Hawaii

FEB 10 2015

RE: S.B. No. 349
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 349 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a renewable fuels production tax credit allowing qualifying taxpayers to claim a refundable income tax credit equal to 20 cents per seventy-six thousand British thermal units of renewable fuel;
- (2) Repeal the ethanol facility tax credit; and
- (3) Require the Department of Business, Economic Development, and Tourism to certify all tax credits and submit a report regarding the production and sale of renewable fuels to the Governor and Legislature each year.

Your Committee received testimony in support of this measure from the Renewable Energy Action Coalition of Hawaii, Blue Planet Foundation, Hawaii Renewable Energy Alliance, Pacific Biodiesel Technologies, and one individual. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii.

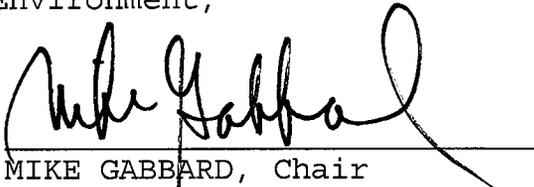


Your Committee finds that the State is vulnerable to soaring energy prices and disruptions of its energy imports, which can hinder, cripple, or even devastate the State's economy and the well-being of its residents. As the most isolated land mass on Earth, the State imports nearly ninety percent of its energy needs and almost one hundred per cent of its transportation needs. It is critical that the State becomes more self-sufficient to ensure greater energy security. The establishment of a renewable fuels production tax credit will advance the State's clean energy initiatives and assist the State in achieving greater energy security.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 349, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 349, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



MIKE GABBARD, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 349	Committee Referral: ENE, WAM	Date: Feb. 3, 2015		
<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
GABBARD, Mike (C)	✓			
GREEN, Josh (VC)				✓
GALUTERIA, Brickwood				✓
IHARA, Jr., Les	✓			
SLOM, Sam	✓			
TOTAL	3	0	0	02
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes