

STAND. COM. REP. NO. 3544

Honolulu, Hawaii

APR 08 2016

RE: H.B. No. 1689
H.D. 2
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 H.B. No. 1689, H.D. 2, 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) Amends the existing ethanol facility income tax credit to include facilities that produce other renewable fuels;
- (2) Clarifies that one gallon of renewable fuels shall be equal to 76,330 British thermal units; and
- (3) Clarifies that a renewable fuels production facility must be in production on or before January 1, 2020, to qualify for the tax credit.

Your Committee received written comments in support of this measure from Hawaii Gas and the Ulupono Initiative.

Your Committee received written comments on this measure from the Department of Business, Economic Development, and Tourism;



Department of Taxation; Blue Planet Foundation; and Tax Foundation of Hawaii.

Your Committee finds that Hawaii is vulnerable to soaring fuel prices or disruptions of its energy imports, which can hinder, cripple, or even devastate the State's economy and the well-being of its inhabitants. 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 acknowledges the Department of Taxation's estimate that this measure will result in an annual revenue loss of \$12,000,000.

Your Committee notes that concerns were raised that certain provisions contained in prior drafts of this measure could have been interpreted to violate the Commerce Clause of the United States Constitution. Your Committee further notes that those provisions have been deleted and are not present in the current draft of the measure. Your Committee believes that the measure, as received, comports with the Commerce Clause of the United States Constitution.

Your Committee has amended this measure by changing the renewable fuels facility tax credit from a refundable tax credit to a nonrefundable tax credit.

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 H.B. No. 1689, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1689, H.D. 2, S.D. 2.

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

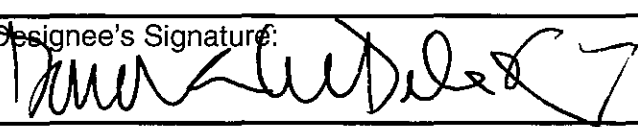


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1689, HD 2, SD 1	TRE, WAM	3/30/14		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			/
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			/
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			/
TOTAL	8			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy

*Only one measure per Record of Votes