

STAND. COM. REP. NO.

1593

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 1044
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1044, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE FUELS TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to replace the certification and verification requirements administered by the Department of Business, Economic Development, and Tourism regarding the renewable fuels production tax credit with a requirement that the taxpayer file a third-party certified statement with the Department.

Your Committee received written comments in support of this measure from the Department of Taxation and the Department of Business, Economic Development, and Tourism.

Your Committee received written comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the Department of Business, Economic Development, and Tourism is unable to fulfill the duties of certification, verification, and administration relating to the renewable fuels productions tax credit. Specifically, the Department does not have sufficient:



- (1) Expertise in tax accounting;
- (2) Knowledge of fuels production industries necessary to verify the actual renewable fuels production and sale; or
- (3) Resources, including management database, budget, and human resources, to administer the certification and verification requirements of the tax credit.

Your Committee believes that submission of a taxpayer-completed statement, which is certified by a third-party, will relieve the Department of burdensome requirements it cannot adequately perform, while ensuring that the credit is claimed correctly.

Your Committee has amended this measure by:

- (1) Making the measure applicable to taxable years beginning after December 31, 2050, to facilitate further discussion on the measure; and
- (2) Making a technical nonsubstantive change to conform the measure with standard drafting practices.

Your Committee requests the Conference Committee on this measure, especially the Senate conferees, review certain differences between this measure and its companion, Senate Bill No. 910, Senate Draft 2. Specifically, your Committee notes the following issues for consideration:

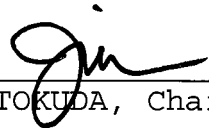
- (1) Section 235-110.31(c), Hawaii Revised Statutes, as amended by this measure, requires that a taxpayer complete and file an "independent, third-party certified statement." Whereas, this measure's companion requires that the taxpayer complete and file "a certified statement". Furthermore, within subsection (c), this measure requires the taxpayer to provide "[t]he proposed total amount of credit to which the taxpayer is entitled for each calendar year and the cumulative amount of the tax credit the taxpayer received during the credit period." Whereas, this measure's companion requires that the taxpayer provide "[t]he proposed total amount of credit to which the taxpayer is entitled"; and



- (2) Section 235-110.31(g), Hawaii Revised Statutes, as amended by this measure, requires the information collected and compiled by the Department of Business, Economic Development, and Tourism under section 235-110.31(c) and (d), Hawaii Revised Statutes, to be made available for public inspection and dissemination pursuant to chapter 92F, Hawaii Revised Statutes (Uniform Information Practices Act). The measure also provides for public inspection and dissemination of: a written notice of a taxpayer's intention to begin production of renewable fuels under section 235-110.31(i), Hawaii Revised Statutes; and a taxpayer's written notice provided within 30 days following the start of production under section 235-110.31(j), Hawaii Revised Statutes. In contrast, this measure's companion is phrased more broadly with regard to the scope of information that would be subject to public inspection and dissemination, requiring "the information compiled by the Department ... [to] be available for public inspection and dissemination".

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. 1044, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1044, H.D. 1, S.D. 2.

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



JILL N. TOKUDA, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1044, HDI, SDI	TRE/ETT, WAM	4/3/17		
<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)	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
TOTAL	11			
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