

Honolulu, Hawaii
Feb 13, 2008

RE: H.B. No. 2893
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committees on Transportation and Water, Land, Ocean Resources & Hawaiian Affairs, to which was referred H.B. No. 2893 entitled:

"A BILL FOR AN ACT RELATING TO INTRA-COUNTY FERRY SERVICE,"

beg leave to report as follows:

The purpose of this bill is to improve ferry service within Maui County by:

- (1) Requiring the Department of Land and Natural Resources (DLNR) to assign priority mooring space to intra-county ferries serving Maui County; and
- (2) Exempting distributors of fuel sold for use by an intra-county ferry service from the fuel tax.

Several concerned individuals testified in support of this bill. A concerned individual testified in opposition of this measure. DLNR, Department of Taxation (DoTAX), and The Tax Foundation of Hawaii submitted comments.

Currently, ferry service is provided within the County of Maui that provides an additional mode of transportation for Maui residents, commuting workers, and visitors alike. Providing priority assignment of mooring space, as well as fuel tax exemptions for an intra-county ferry service, will result in a



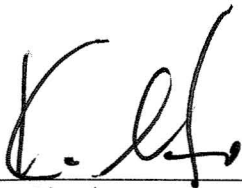
more reliable ferry service and will allow for this low cost mode of transportation to continue in the County of Maui.

However, your Committees understand the concerns raised by DoTAX regarding the placement of the tax exemption in the license tax section of the fuel tax law rather than the section specifying when the fuel tax is not applicable. Accordingly, your Committees have amended this measure by:

- (1) Providing for the fuel tax exemption in the section of the fuel tax law that specifies when the fuel tax is not applicable; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Transportation and Water, Land, Ocean Resources & Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2893, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2893, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Water, Land, Ocean
Resources & Hawaiian Affairs,



KEN ITO, Chair



JOSEPH M. SOUKI, Chair



