

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1943
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committees on Energy and Environment and Transportation and International Affairs, to which was referred S.B. No. 1943 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this measure is to encourage further production and use of biofuels in Hawaii by:

- (1) Establishing biofuel processing facilities as a permitted use in designated agricultural districts under chapter 205, Hawaii Revised Statutes;
- (2) Establishing an energy feedstock program within the department of agriculture to encourage the production of energy feedstock in Hawaii and establish a baseline percentage of energy feedstock to be grown in the State to meet the its energy requirements;
- (3) Establishing a baseline price of \$2 per gallon for the purchase of ethanol from an ethanol production facility;
- (4) Requiring rental car companies in Hawaii with fleets of fifty cars or more to purchase flexible or alternative fuel vehicles beginning January 1, 2008; and



- (5) Requiring the Department of Transportation to include biofuel storage and transmission infrastructure in all harbor improvement master plans.

Testimony in support of this measure was submitted by the Department of Agriculture; the Department of Transportation; the Department of Business, Economic Development and Tourism; Hawaiian Electric Company, Inc.; the World Business Academy; the Hawaii Crop Improvement Association; and one individual. Testimony in opposition to this measure was submitted by the Hawaii Automobile Dealers' Association, the Alliance of Automobile Manufacturers, and several individuals. Comments were submitted by Life of the Land, the Respiratory and Environmental Disabilities Association of Hawaii, and one individual.

Your Committees find that Hawaii's dependence on petroleum for about ninety per cent of its energy needs is more than any other state in the nation. This makes the State extremely vulnerable to any oil embargo, supply disruption, international market dysfunction, and many other factors beyond the control of the State. Furthermore, the continued consumption of conventional petroleum fuel negatively impacts the environment. At the same time, Hawaii has among the most abundant renewable energy resources in the world, in the form of solar, geothermal, wind, biomass, and ocean energy assets.

Your Committees also find that increased energy efficiency and use of renewable energy resources would increase Hawaii's energy self-sufficiency, achieving broad societal benefits, including increased energy security, resistance to increases in oil prices, environmental sustainability, economic development, and job creation.

Your Committees further find that the language in part III of this measure regarding establishing a baseline price for the purchase of ethanol from an ethanol production facility and a ceiling price for a portion of the ethanol re-sold by a distributor is ambiguous as to whether the re-sale price cap applies to a portion of every ethanol purchase made by every distributor, regardless of the source of the ethanol.

Your Committees further find that the time limits imposed on automobile manufacturers in part IV requiring all rental cars purchased after January 1, 2008, to be flexible or alternative fuel vehicles is not feasible since automobile manufacturers are



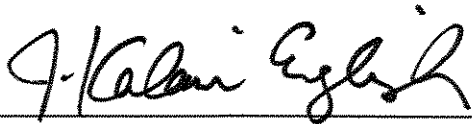
already in the planning stages for automobiles through the year 2012.

Your Committees further find that the Department of Transportation has already started work on a Statewide Fuel Facilities Development Plan to examine the fuel facilities at commercial harbors. This study, according to the Department of Transportation's testimony, includes the examination of biofuels and the subject matter of this study is currently being addressed in another measure.

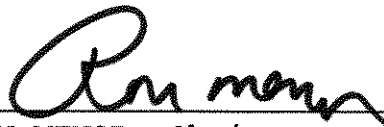
In light of these findings, your Committees amended this measure to remove parts III, IV, and V of the measure. Your Committees also amended part I by adding language to clarify that the biofuels processing facilities on agricultural lands must be compatible with other agricultural uses.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Transportation and International Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1943, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1943, S.D. 1, and be referred to the Committee on Water, Land, Agriculture, and Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Transportation
and International Affairs,



J. KALANI ENGLISH, Chair




RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

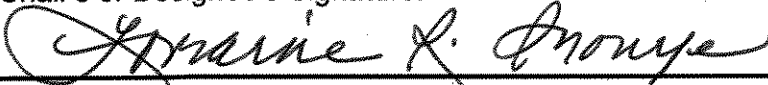
Record of Votes
 Committee on Energy and Environment
 ENE

Bill / Resolution No.:* SB 1943	Committee Referral: ENE/TA, WAA	Date: 2/13/07		
<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
MENOR, Ron (C)	✓			
HOOSER, Gary L. (VC)	✓			
IHARA, Jr., Les	✓			
KOKUBUN, Russell S.				✓
TRIMBLE, Gordon		✓		
TOTAL	3	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes

The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Transportation and International Affairs
TIA

Bill / Resolution No.:* SB 1943	Committee Referral: ENE/TIA, WAH	Date: 2/14/07		
<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
ENGLISH, J. Kalani (C)	✓			
INOUE, Lorraine R. (VC)	✓			
ESPERO, Will	✓			
HOOSER, Gary L.	✓			
TANIGUCHI, Brian T.				✓
TSUTSUI, Shan S.				✓
GABBARD, Mike	✓			
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

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