

MAR 12 2008

SENATE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM TO EVALUATE THE ETHANOL FACILITY TAX CREDIT.

1 WHEREAS, the ethanol facility tax credit was initially
2 enacted in 2000 as an income tax credit to encourage private
3 sector investment in Hawaii-based ethanol production facilities;
4 and

5
6 WHEREAS, in 2004, to encourage the construction of large-
7 capacity ethanol production facilities, the ethanol investment
8 tax credit was changed to a facility tax credit equal to an
9 amount invested in the qualifying ethanol production facility
10 during the credit period; provided that the production of
11 ethanol was equal to at least seventy-five per cent of the
12 nameplate capacity of the facility; and

13
14 WHEREAS, in 2007, the Legislature extended the tax credit
15 by five years to January 1, 2017, and to encourage the
16 production and use of biofuels in Hawaii, established biofuel
17 processing facilities as a permissible use in agricultural
18 districts and an energy feedstock program within the Department
19 of Agriculture; and

20
21 WHEREAS, the ethanol facility tax credit has not been
22 enough of an incentive to cause investment and construction of
23 ethanol production facilities in Hawaii for the production of
24 ethanol to meet the requirement that gasoline sold in Hawaii
25 contain ten per cent ethanol by volume; and

26
27 WHEREAS, in Act 159, Session Laws of Hawaii 2007, the
28 Legislature declared, "To shape Hawaii's energy future and
29 achieve the goal of energy self-sufficiency for the State,
30 efforts must continue on all fronts, integrating new and
31 evolving technologies, seizing upon economic opportunities to



1 become more energy efficient and economically diversified, and
2 providing incentives and assistance to address barriers"; and
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4 WHEREAS, the ethanol facility tax credit, as an incentive,
5 should be reevaluated within the context of its effectiveness in
6 Hawaii's energy goals, and re-shaped to be a more effective tool
7 in helping to achieve the goal of energy self-sufficiency for
8 the State; and
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10 WHEREAS, the Strategic Industries Division of the
11 Department of Business, Economic Development, and Tourism is
12 qualified to evaluate the effectiveness of the ethanol facility
13 tax credit and to determine what incentives should be
14 implemented to attract private investment in the construction
15 and operation of ethanol production facilities to meet the ten
16 per cent ethanol in gasoline requirement; now, therefore,
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18 BE IT RESOLVED by the Senate of the Twenty-fourth
19 Legislature of the State of Hawaii, Regular Session of 2008, the
20 House of Representatives concurring, that the Department of
21 Business, Economic Development, and Tourism is requested to
22 evaluate the effectiveness of the ethanol facility tax credit
23 and determine:
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- 25 (1) Why the tax credit has not been effective in
26 attracting investment in the construction and
27 operation of ethanol production facilities in Hawaii;
28
- 29 (2) What amendments to the law are needed to attract
30 private investors to establish ethanol production
31 facilities in Hawaii; and
32
- 33 (3) What programs and changes should be made to meet the
34 goal that gasoline sold in Hawaii contain ten per cent
35 ethanol by volume; and
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37 BE IT FURTHER RESOLVED that the Department is requested to
38 submit a report of findings, recommendations, and any proposed
39 legislation to the Legislature no later than twenty days prior
40 to the convening of the Regular Session of 2009; and
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1 BE IT FURTHER RESOLVED that a certified copy of this
2 Concurrent Resolution be transmitted to the Director of
3 Business, Economic Development, and Tourism.
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OFFERED BY:

S. S. T. M.

Rosely H Baker
J. Alan Eggh

