

STAND. COM. REP. NO.

1253

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 1912  
S.D. 1

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

Madam:

Your Committee on Energy and Environment, to which was referred H.B. No. 1912 entitled:

"A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST BIODIESEL PROJECTS FOR ELECTRICAL GENERATION ON THE ISLAND OF MAUI,"

begs leave to report as follows:

The purpose of this measure is to authorize the issuance of special purpose revenue bonds (SPRBs) to assist industrial enterprises, in this case BlueEarth Maui Biodiesel, LLC, a Hawaii Corporation.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Budget and Finance; BlueEarth Maui Biodiesel Project (BlueEarth); Maui Electric Company (MECO), Ltd.; Hawaiian Electric Company (HECO); and Hawaii Electric Light Company. Testimony in opposition was received from Life of the Land; Sierra Club Hawaii Chapter, Maui Group; Maui Tomorrow; Pacific Biodiesel; Sustainable Biodiesel Alliance; and twenty-six individuals.

The SPRBs under this measure would be applied to finance the planning, design, and construction of a biodiesel refinery with primary take-off designated as fuel for electrical generation.

Your Committee finds that Hawaii has a growing bioenergy industry to meet the goals of energy conservation. BlueEarth

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would produce biofuels to be purchased in most part by MECO for use as a generation fuel at its Ma'alaia power plant. The project will have the ability to use a variety of vegetable oil feedstocks (including soybean, canola, peanut, cottonseed, and sunflower oil from the Americas and various tropical oils from the Pacific Rim and Central and South America) to produce biodiesel.

According to testimony, HECO, through an unregulated subsidiary, will be an equity holder in the project. HECO has agreed that all of its net profits from the project will be contributed to a public/private, nonprofit biofuels trust to be chartered to enhance and stimulate the viability of a local biofuels crop industry.

Your Committee believes that biofuels are a key contributor to the portfolio of renewable energy resources needed to help the State decrease its dependence on imported oil.

Your Committee notes the substantial objections to this measure, based mainly on its effects to the environment stemming from a reliance on imported oils which are responsible for the destruction of rainforests, thus contributing to global warming and the loss of natural habitat. Your Committee finds that although these objections are well taken, this measure is a start in the right direction, considering the state of current technology. It is the hope of your Committee that a future time will see no reliance on imported oils, when the State can stimulate a biofuels crop industry sufficient to meet its biofuel processing needs.

Your Committee has amended this measure by changing the effective date to July 1, 2020.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1912, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1912, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,



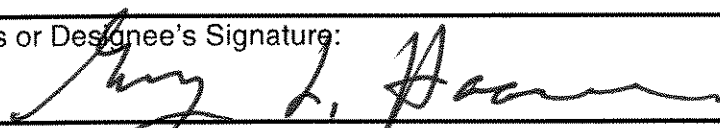
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RON MENOR, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:* <b>HB 1912</b>	Committee Referral: <b>ENE, WAM</b>	Date: <b>3/20/07</b>		
<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		✓		
<b>TOTAL</b>	1	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