

Honolulu, Hawaii  
FEB 15, 2008

RE: H.B. No. 3410  
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 Energy & Environmental Protection and Water, Land, Ocean Resources & Hawaiian Affairs and Agriculture, to which was referred H.B. No. 3410 entitled:

"A BILL FOR AN ACT RELATING TO BIODIESEL,"

beg leave to report as follows:

The purpose of this bill is to provide various market stimulation incentives for the development of biodiesel, including:

- (1) Making state agricultural lands available for biodiesel fuel crops;
- (2) Establishing a state biodiesel feedstock crop and biodiesel fuel purchasing program; and
- (3) Creating tax exemptions for oil seed crushing facilities and lands used for biodiesel feedstock crops.

Pacific Biodiesel, Hawaiian Electric Company, Inc., Maui Electric Company, and Hawaii Electric Light Company testified in support of this bill. The Department of Land and Natural Resources supported the intent of this measure. The Department of Taxation, Department of Agriculture, Tax Foundation of Hawaii, and Life of the Land provided comments.



Your Committees have amended this bill by:

- (1) Removing the requirement that the Board of Land and Natural Resources lease lands with soil classified by the land study bureau's detailed land classification as overall (master) productivity rating class A or B;
- (2) Removing the requirement that the Board of Land and Natural Resources lease lands at nominal consideration;
- (3) Removing the provision exempting the lands used for the production of biodiesel feedstock crops from real property taxes;
- (4) Clarifying that the income tax exemption applies to the income derived from the operation of an oil seed crushing facility;
- (5) Removing from the definition of an "oil seed crushing facility" the provision specifying that it is a facility separate and distinct from a biodiesel production facility; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Water, Land, Ocean Resources & Hawaiian Affairs and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3410, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3410, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committees on Energy &  
Environmental Protection and  
Water, Land, Ocean Resources &  
Hawaiian Affairs and  
Agriculture,



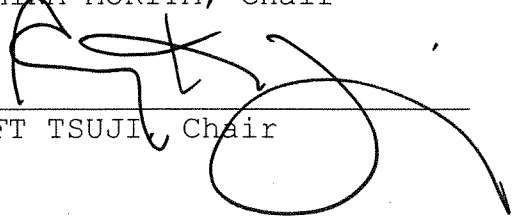
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KEN ITO, Chair



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HERMINA MORITA, Chair



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CLIFT TSUJI, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

**HSC 633-08**

**Record of Votes of the Committee on Energy & Environmental Protection**

<b>Bill/Resolution No.:</b> <i>HB 3410</i>	<b>Committee Referral:</b> <i>EEP/WLH/AGIR, FIN</i>	<b>Date:</b> <i>2/12/08</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. MORITA, Hermina M. (C)	✓			
2. CARROLL, Mele (VC)	✓			
3. ITO, Ken	✓			
4. KARAMATSU, Jon Riki	✓			
5. MAGAOAY, Michael Y.	✓			
6. SAGUM, Roland D., III				✓
7. SAIKI, Scott K.	✓			
8. THIELEN, Cynthia				✓
<b>TOTAL (8)</b>	<i>6</i>			<i>2</i>
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
<b>Vice Chair's or designee's signature:</b> <i>Mele Carroll</i>				
<b>Distribution:</b> Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				



