

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1793  
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 Economic Development and Taxation, to which was referred S.B. No. 1793 entitled:

"A BILL FOR AN ACT RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY,"

beg leave to report as follows:

The purpose of this measure is to clarify the method of selection of members of the Board of Directors (Board) of the Natural Energy Laboratory of Hawaii Authority (NELHA).

Specifically, this measure would:

- (1) Increase from eleven to thirteen, the number of members on the Board; and
- (2) Increase from three to five, the number of public members, with two of them selected from tenants of NELHA and three from the general public;

Your Committees received testimony in support of this measure from Kona Bay Marine Resources, Cyanotech, High Health Aquaculture Inc., and Hawaii Aquaculture Association. The State Attorney General and NELHA submitted comments.

Your Committees find that the tenants of NELHA provide much of the revenue necessary for the operation of NELHA facilities.



NELHA tenants could therefore provide useful insight in Board decisions.

However, your Committees are concerned with the potential conflict of interest that may occur when adding tenants to the NELHA Board, particularly in situations where the Board is considering lease rent or water rate issues that directly impact tenants. Allowing tenant Board members to vote on such matters would create unnecessary ethical concerns that may detract from the Board's ability to operate efficiently.

In light of this concern, your Committees have amended this measure by:

- (1) Recusing the tenant members from voting on lease rent or water rate issues, to avoid conflicts of interest; and
- (2) Requiring a super majority vote of seven members to make decisions on lease rent or water rate issues, in recognition of the importance of these issues to the tenants.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1793, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1793, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Energy and  
Environment and Economic  
Development and Taxation,

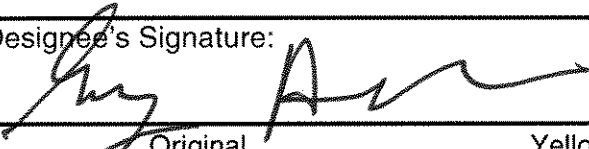
  
\_\_\_\_\_  
CAROL FUKUNAGA, Chair

  
\_\_\_\_\_  
RON MENOR, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

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

Bill / Resolution No.:* <b>SB 1793</b>	Committee Referral: <b>ENE/EDT</b>	Date: <b>2/27/07</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			✓	<i>WPA</i>
<b>TOTAL</b>	<b>4</b>		<b>1</b>	<i>WPA</i>
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

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 Twenty-Fourth Legislature  
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**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:* <b>SB 1793</b>	Committee Referral: <b>ENE/EDT</b>	Date: <b>2/27/07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
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Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
ENGLISH, J. Kalani	✓			
IGE, David Y.				✓
SLOM, Sam	✓			
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Will Espero</i>				
Distribution:             Original File with Committee Report		Yellow Clerk's Office		Pink Drafting Agency

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