

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 3215

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committees on Energy and Environment and Agriculture and
Hawaiian Affairs, to which was referred S.B. No. 3215 entitled:

"A BILL FOR AN ACT RELATING TO BIODIESEL,"

beg leave to report as follows:

The purpose of this measure is to provide various market
stimulation incentives for the development of biodiesel.

Specifically, this measure makes:

- (1) State agricultural lands, with soil classified by the
Land Study Bureau's detailed land classification as
having a productivity rating of class A or B, available
for biodiesel fuel crops at nominal rent;
- (2) Establishes a state biodiesel feedstock crop and
biodiesel fuel purchasing program; and
- (3) Creates tax exemptions for biomass crushing facilities
and lands used for biodiesel feedstock crops.

Testimony in support of this measure was submitted by the
Department of Land and Natural Resources; Hawaiian Electric
Company, Inc.; the Sierra Club, Oahu Group, Imperium Renewables
Hawaii LLC; and Enterprise Honolulu. Comments were submitted by
the Department of Taxation; Department of Agriculture; and the Tax
Foundation of Hawaii.



Your Committees find that this measure will stimulate the development of locally produced biofuels. Your Committees further find that the use of biofuels can reduce the State's dependence on imported oil and increase the amount of renewable energy from sustainable resources.

The Department of Land and Natural Resources has suggested to your Committees that:

- (1) Due to the Department's public trust obligation to maximize returns on the disposition of public land, leases are usually subject to fair market value, as nominal rent is reserved for nonprofit organizations and special circumstances that warrant favorable treatment pursuant to the State's public trust responsibilities; and
- (2) Most A or B rated agricultural lands are the best overall agricultural lands and most state lands with that designation are already encumbered by long term leases or permits, while other state lands remain fallow and unencumbered.

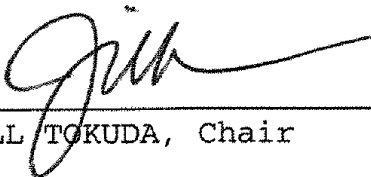
Accordingly, your Committees have amended this measure by:

- (1) Omitting the requirement that that Board of Land and Natural Resources lease the public agricultural lands at nominal consideration;
- (2) Omitting the restriction mandating that the state agricultural lands made available for biodiesel fuel crops be soil classified by the Land Study Bureau's detailed land classification as productivity rating class A or B, making all public agricultural lands available for biodiesel fuel crops;
- (3) Adding language to ensure that the amendments made by this measure to §235-7(a), Hawaii Revised Statutes, are retained when that section is repealed and reenacted on January 1, 2013, pursuant to Act 166, Session Laws of Hawaii 2007; and
- (4) Making technical, nonsubstantive revisions for the purposes of clarity and style.



As affirmed by the records of votes of the members of your Committees on Energy and Environment and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3215, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3215, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Agriculture and
Hawaiian Affairs,



JILL TOKUDA, Chair

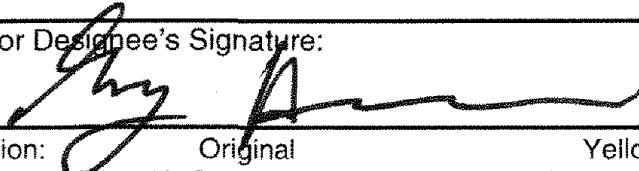


RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
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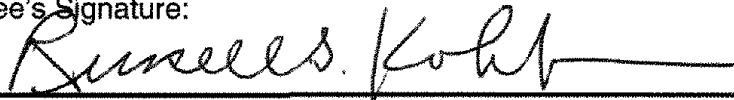
Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 3215	Committee Referral: ENE/AHW, EDT, WAM	Date: 1/31/08		
<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	4			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 Agriculture and Hawaiian Affairs
AHW

Bill / Resolution No.:* SB 3215	Committee Referral: ENE/AHW, EDT, WAM	Date: 1/31/08		
<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
TOKUDA, Jill N. (C)	/			
ENGLISH, J. Kalani (VC)				/
GABBARD, Mike	/			
HEE, Clayton				/
KOKUBUN, Russell S.	/			
SLOM, Sam		/		
TOTAL	3	1		2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes