

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 3230  
S.D. 1

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

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 3230 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to provide additional funding for the State's energy program initiatives by:

- (1) Establishing an energy security special fund and appropriating an unspecified amount therefor; and
- (2) Establishing an energy security tax of 15 cents on each barrel or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user, other than a refiner, of petroleum product.

Testimony in opposition to this measure was received from the Department of Budget and Finance and Aloha Petroleum, Ltd. The Department of Business, Economic Development, and Tourism; the Department of Taxation; and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that while the State's energy program is currently fairly stable and resilient, the resources that have sustained the program are coming to an end and new sources of funding must be identified and pursued.



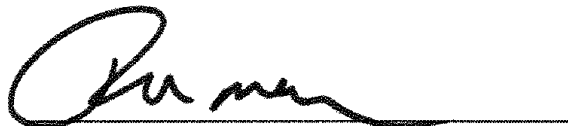
In this regard, while the Hawaii Clean Energy Initiative, a newly created federal partnership with the State of Hawaii, may bring new sources of funding to energy initiatives in the State, the partnership will require state matching funds. Your Committee emphasizes that a comprehensive approach is necessary to the successful implementation of the Hawaii Clean Energy Initiative and to ensure the State's energy security. This measure is one of several important funding options presently under consideration by the Legislature and your Committee believes that it merits further exploration.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050, for the purposes of further discussion;
- (2) Clarifying at which point the expending agency provision is operative for the expenditure of funds from the energy security special fund; and
- (2) Making technical, nonsubstantive amendments to conform to the preferred drafting style.

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 S.B. No. 3230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3230, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

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

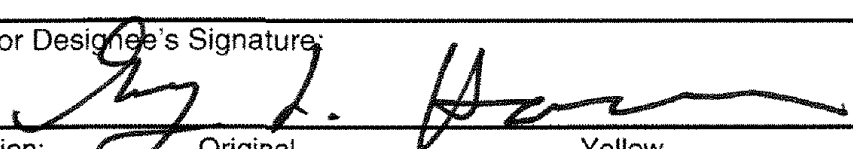


RON MENOR, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

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

Bill / Resolution No.:* <b>SB 3230</b>	Committee Referral: <b>ENE, EDT, WAM</b>	Date: <b>1/31/08</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>	<b>3</b>		<b>1</b>	<b>1</b>
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