

Honolulu, Hawaii

FEB 06 2007

RE: S.B. No. 994

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 S.B. No. 994 entitled:

"A BILL FOR AN ACT RELATING TO SEAWATER AIR CONDITIONING DISTRICT COOLING SYSTEMS,"

begs leave to report as follows:

The purpose of this measure is to lessen the State's dependency on fossil fuels.

The measure accomplishes this purpose by including seawater district cooling systems in the definition of "qualified business" for the purpose of state enterprise zone benefits.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development and Tourism, Honolulu Seawater Air Conditioning, LLC., Enterprise Honolulu, University of Hawaii at Manoa- Environmental Center, and the World Business Academy. The Department of Taxation submitted comments regarding this measure.

Your Committee finds that the use of alternative energy production will promote the State's goal of lessening its dependence on fossil fuels. Your Committee further finds that encouraging the use of seawater air conditioning cooling systems will reduce fossil fuel dependency and ozone-depleting greenhouse gases by replacing the traditional high power consuming technologies with a more efficient alternative.



Your Committee believes that providing enterprise zone benefits will effectively reduce the costs of seawater district cooling systems, which in turn will encourage its use by developers and customers, and consequently fulfill the intent of the measure to lessen the State's dependence on fossil fuels.

Your Committee received a fiscal impact statement from the Department of Taxation that provided that this measure will result in a revenue loss to the State of approximately \$450,000. However, this statement did not specify how the fiscal impact was calculated or whether the stated amount was calculated as a one-time fuel impact or on an annual basis.

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. 994 and recommends that it pass Second Reading 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,

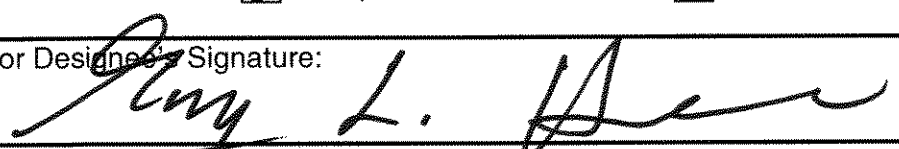


RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
 Committee on Energy and Environment
 ENE

Bill / Resolution No.:* SB 994	Committee Referral: ENE, EOT	Date: 2/1/07		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input 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				2
KOKUBUN, Russell S.				✓
TRIMBLE, Gordon	✓			
TOTAL	3			2
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