

**HB 2168 HD1**



## **TESTIMONY OF THE STATE ATTORNEY GENERAL TWENTY-FOURTH LEGISLATURE, 2008**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 2168, H.D. 1, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

**BEFORE THE:**

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

**DATE:** Tuesday, March 18, 2008 **TIME:** 3:15 PM

**LOCATION:** State Capitol, Room 414  
*Deliver to: Committee Clerk, Room 208, 1 Copy*

**TESTIFIER(S):** Mark J. Bennett, Attorney General  
or Brian Aburano, Deputy Attorney General

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Chair Menor and Members of the Committee:

The Attorney General has comments regarding whether the special purpose revenue bonds proposed by this bill would be tax-exempt under current federal tax laws.

This bill is to authorize the issuance of special purpose revenue bonds under part V, chapter 39A, Hawaii Revised Statutes (HRS), in a total amount not to exceed \$50,000,000, for the purpose of assisting H2 Technologies Incorporated or a partnership in which H2 Technologies Incorporated is a general partner, or a newly formed LLC in which H2 Technologies Incorporated is a managing member or the successor in interest or an assignee of H2 Technologies Incorporated for the construction of a hydrogen generation appliance research, development, and manufacturing facility and laboratory and a gasoline- or diesel-to-hydrogen automobile conversion garage on the island of Hawaii [page 6, line 17 to page 7, line 7].

Generally, the purpose of issuing special purpose revenue bonds is to issue tax-exempt bonds, i.e., bonds that will pay interest that is exempt from federal income taxes. Tax-exempt bonds have lower interest rates than taxable bonds or commercial loans since they produce interest that is exempt from federal taxation. As outlined below,

current federal tax laws will make it difficult for the special purpose revenue bonds proposed by this bill to be tax-exempt bonds.

Tax-exempt bonds may be issued under 26 U.S.C. § 142(a)(8) so long as 95 percent or more of the net proceeds of the bonds are used to provide "facilities for the local furnishing of electrical energy or gas." However, this provision is limited to entities that were engaged in the furnishing of electrical energy or gas on January 1, 1997, and the proposed facility must serve the area served by that entity on January 1, 1997. See 26 U.S.C. § 142(f)(3). H2 Technologies Incorporated would not qualify to issue tax-exempt bonds under this provision, because it was not furnishing electrical energy in Hawaii on January 1, 1997.

Tax-exempt bonds may be issued under 26 U.S.C. § 144(a) if they are "qualified small issue bonds." Bonds issued after December 31, 1986, do not qualify as "qualified small issue bonds" unless 95 percent of the net proceeds of those bonds are used to provide a "manufacturing facility" or farm property. See 26 U.S.C. § 144(a)(12)(A) and (B). A "manufacturing facility" is defined as a facility used "in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property)." See 26 U.S.C. § 144(a)(12)(C). The part of H2 Technologies Incorporated's proposed facility that would manufacture hydrogen generating appliances and its proposed gasoline- or diesel-to-hydrogen conversion garage may qualify as a "manufacturing facility," but the research and laboratory parts of the proposed facility would not qualify. In addition, the amount of the proposed bonds exceeds the amount that is allowed for small issue bonds. See 26 U.S.C. § 144(a)(1) and (4) (\$1,000,000 and optional \$10,000,000 limit).

Tax-exempt bonds may be issued under 26 U.S.C. § 145(a) if all property to be provided by the net proceeds of the bonds is to be owned by a 501(c)(3) organization, i.e., a nonprofit organization under 26 U.S.C. § 501(c)(3). The records of the Department of Commerce and Consumer Affairs do not indicate that H2 Technologies Incorporated is a

nonprofit organization. Rather, they indicate that it is a domestic profit corporation. As such, the bonds to be issued under this bill would not qualify as tax-exempt bonds under 26 U.S.C. § 145(a).

While not tax-exempt, the proposed bonds could receive favorable tax treatment if they qualify as "clean renewable energy bonds" (CREB) under 26 U.S.C. § 54. However, the borrower who uses the proceeds of CREB special purpose revenue bonds must be a mutual or cooperative electric company, i.e., a nonprofit organization organized under 26 U.S.C. § 501(c)(12) or 1381(a)(2)(C). See 26 U.S.C. § 54(d)(1)(B) and (j)(5). H2 Technologies Incorporated does not appear to be such a company. The bonds proposed by this bill also may not meet other requirements for CREB bonds set out in 26 U.S.C. § 54, including a current requirement that the bonds be issued before December 31, 2008. See 26 U.S.C. § 54(m).



75-5737 Kuakini Hwy., Suite 208  
Kailua-Kona, HI 96740  
Phone: 808-329-1758 Fax: 808-329-8564  
www.kona-kohala.com konakcc@gte.net

March 17, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**RE: Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

The Kona-Kohala Chamber of Commerce (KKCC) represents nearly 700 business members and is the leading business advocacy organization on the west side of Hawai'i Island. The KKCC also actively works to enhance the environment, unique lifestyle and quality of life in West Hawai'i.

The Kona-Kohala Chamber of Commerce supports HB 2168 HD1. After review of the H2 Technologies executive summary, we believe this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing us more money to survive. We believe electricity and fuel prices will continue to go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. We fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, The KKCC is in support of this bill and thanks the committee for the opportunity to testify.

Sincerely,

*Vivian Landrum*

Vivian Landrum  
Executive Director

H2 Technologies, Inc.  
73-4347 Malie Place  
Kailua-Kona, HI 96740  
www.h2-techs.com

March 16, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Guy Toyama and I am the COO of H2 Technologies, Inc..

H2 Technologies supports HB 2168 HD1. I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, H2 Technologies is in support of this bill and thank the committee for the opportunity to testify.

Sincerely,  
Guy Toyama  
COO, H2 Technologies, Inc.  
808-938-6325

Written Statement of  
**YUKA NAGASHIMA**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**  
Tuesday March 18, 2008  
3:15 PM  
State Capitol, Conference Room 414

In consideration of  
**HB 2168 HD1 RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.**

Chair Menor, Vice Chair Hooser, and Members of the Senate Committee on Energy and Environment.

The High Technology Development Corporation (HTDC) supports HB 2168 HD1 which authorizes Special Purpose Revenue Bonds to H2 Technologies, Inc. for construction of a Hydrogen Generator Appliance Laboratory and Hydrogen Generation and Conversion Facilities.

H2 Technologies, Inc. physically located on the Big Island of Hawaii is a member of the Statewide Incubation Network which is managed by the HTDC. Through this network there will be access to resources and assistance to further their plans to develop their technology to produce hydrogen-based renewable energy.

Thank you for the opportunity to submit testimony in support.

March 12, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Will Rolston and I am the Energy Manager of the Hawai'i Gateway Energy Center at NELHA.

Will Rolston supports HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, Will Rolston is in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

Will Rolston





March 12, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Mattson Davis and I am the President / CEO of Kona Brewing Company.

I support HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

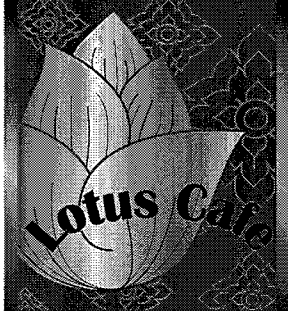
The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Mattson C. Davis".

Mattson C. Davis  
President / CEO  
Kona Brewing Company



## **Lotus Café**

**73-5617 MAIAU ST  
Kailua kona, Hi 96840  
808 327-3270 F 329-6549**

March 12, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

### **Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Howie Simon and I am the owner of Lotus Café in Kona

I strongly support HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

Howie Simon

Lotus Café

Hawaii's first completely solar powered cafe

73-5617 Maiiau St.

Kailua Kona, Hi. 96740

[letterhead]

March 12, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is \_\_\_\_\_GregMenke\_\_\_\_\_ and I am the \_\_\_owner\_\_\_\_\_ of \_\_\_Sacred Fire Candle Company\_\_\_\_\_.

Sacred Fire \_\_\_\_\_ supports HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, \_Greg Menke\_\_\_\_\_ is in support of this bill and thank the committee for the opportunity to testify.

Sincerely,  
Greg Menke  
Sacred Fire

March 16, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Cyndy Dyal and I am a Hawaii resident, taxpayer and Real Estate agent on The Big Island of Hawaii. I also represent Hawaiian Solar, Plumbing & Spas as a Marketing/Sales representative.

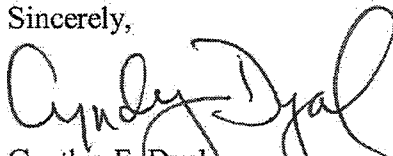
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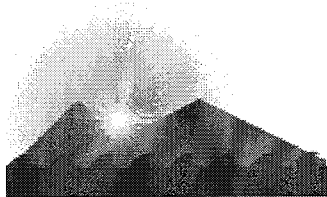
The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,



Cynthia E. Dyal  
P.O. Box 5622  
Kailua-Kona, HI 96745  
808-937-9937



**Aurora Research, LLC**

73-4372 Hulilau St.  
Kailua Kona, HI 96740  
808-325-1631

March 17, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Roderick Hinman and I am the Principal member of Aurora Research, LLC.

Aurora Research, LLC, as a company involved in solar and alternative energy research, supports HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. On Hawaii Island in particular, the addition of more renewable energy sources will require some form of energy storage to buffer the differences between generation and consumption. Hydrogen is one good way to store excess energy generation; it also can be used as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on the island rather than imported will save money now and even more over time.

I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, Aurora Research, LLC, is in support of this bill and thanks the committee for the opportunity to testify.

Sincerely,

Roderick T. Hinman, Ph.D  
Principal

**testimony**

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**From:** John and Linda Oery [loery@hawaii.rr.com]  
**Sent:** Saturday, March 15, 2008 4:02 PM  
**To:** testimony; Testimony@Capital.Hawaii.Gov  
**Subject:** HB2168HD1

Please be advised that we are full-time residents of the Island of Hawaii in the State of Hawaii and in full support HB2168HD1. This bill is a step in sustainability for this Island and the quality of life of its residents.

Respectfully,

John and Linda Oery  
75-6025 Alii Drive  
Kailua Kona, HI 96740

**testimony**

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**From:** John Scott [johnscott@hawaii.rr.com]  
**Sent:** Friday, March 14, 2008 9:07 PM  
**To:** testimony  
**Subject:** Senate ENP Committee 3/18/2008 HB2168 HD 1

John R. Scott

73-4344 Wainana pl.

Kailua Kona, HI. 96740

March 12, 2008

Senator Ron Menor

Chair, Energy and Environment Committee

Senator Gary Hooser

Vice Chair, Energy and Environment Committee

State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee,

my name is John R. Scott, and I am a resident of Hawaii county

I support HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will

3/14/2008



only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

John R. Scott

73-4344 Wainana pl.

Kailua Kona, HI. 96740

March 17, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Shirley Ann Fukumoto, and I am the Assistant Headmaster at Hawaii Preparatory Academy.

I support HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

HPA is at the forefront in promoting Go Green and have many sustainability initiatives planned. Again, for these reasons, I support of this bill and thank the committee for the opportunity to testify.

Sincerely,

Shirley Ann K. Fukumoto

[letterhead]

March 17, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Keith Davenport and I am a resident of Kailua Kona supports HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

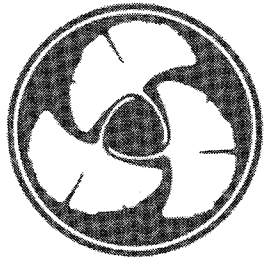
Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

Keith Davenport



**NATURAL**  
INVESTMENTS LLC

March 17, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Michael Kramer and I am a Managing Partner of Natural Investments LLC and also volunteer to coordinate the Kuleana Green Business Program of the Kona-Kohala Chamber of Commerce. I am in the business of channeling investment capital towards resources which can contribute to the island sustainability and self-reliance.

To this end, I fully support HB 2168. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawai'i and will be a key step in bringing Hawai'i to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawai'i is extremely vulnerable. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

For these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

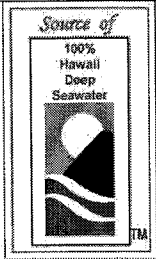
Michael Kramer,  
Accredited Investment Fiduciary<sup>®</sup>

**PO Box 390595 Keauhou, HI 96739**  
**[www.NaturalInvesting.com](http://www.NaturalInvesting.com)**  
**808-331-0910**



# **NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY**

*An Attached Agency of the Department of Business, Economic Development & Tourism, State of Hawaii*



Statement of  
**RONALD N. BAIRD**  
**CHIEF EXECUTIVE OFFICER**  
Natural Energy Laboratory of Hawaii Authority  
before the  
**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**  
and the  
**SENATE COMMITTEE ON TOURISM AND GOVERNMENT OPERATIONS**  
and the  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TAXATION**  
**Tuesday, March 18, 2008**  
**3:15 p.m.**  
**State Capitol, Conference Room 414**

in consideration of

**HB2168, HD1**  
**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS**

Chair Nishihara, Vice-Chair Kim, members of the Senate Committee on Tourism and Government Operations, Chair Fukunaga, Vice-Chair Espero, and members of the Senate Committee of economic Development and Taxation, I am Ron Baird, Chief Executive Officer of the Natural Energy Laboratory of Hawaii Authority.

I want to state my support for this bill, which I believe will help move Hawaii into a more energy secure and environmentally responsible situation. Transportation fuel, especially if it is an alternative to gasoline and diesel fuels, will help reduce a major financial burden on the people of Hawaii and is good for this State. This bill will help bring the hydrogen economy to Hawaii, perhaps allowing us to rely less on imported fuel sources by commencing the conversion of vehicles and production of a hydrogen fuel.

The company H2 Technologies has indicated its intentions of becoming a tenant at NELHA and will, I understand, file its format request to do so before our March 19<sup>th</sup> Board meeting.

We at NELHA would be very excited to have an entity based at NELHA actually doing work on development of the hydrogen economy as a method of freeing us from the constantly increasing price of petroleum. This would be the first company at NELHA doing direct work on hydrogen usage for transportation fuels. I should note, though in this regard, that Cellana LLC. Is doing research at NELHA aimed toward producing jet fuel or diesel from marine algae. Indeed, NELHA is rapidly emerging as *the* location in Hawaii and the United States to conduct research and development of the next generation of fuels and power sources.

73-4460 Queen Kaahumanu Hwy. #101, Kailua-Kona, Hawaii USA 96740-2637  
Phone: (808) 329-7341 Fax: (808) 326-3262 Email: [nelha@nelha.org](mailto:nelha@nelha.org) Website: <http://www.nelha.org>

Finally, I support this bill because its intent is to foster production of hydrogen from a renewable energy source such as solar, wind, or geothermal and would compliment the possible production of hydrogen from the inexpensive power source, OTEC, for which we intend to issue an RFP in March.

I encourage this committee to approve HB2168 HD1 and hasten its passage.

Thank you very much for your consideration of my views and

If you have any questions that I might be answer, I would be happy to take and answer them now to the best of my ability. Thank you again for your time.

**testimony**

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**From:** JKCOHawaii@aol.com  
**Sent:** Monday, March 17, 2008 12:25 PM  
**To:** testimony  
**Subject:** Testimony re. HB2168 HD1 3/17/08

Senate Committee on Energy and Environment  
State Capitol Building

## Letter of Testimony

By  
Hawaii Pacific Productions

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Senate Committee on Energy and Environment  
March 18, 2008. 3:15am  
Regarding Measure number: HB2168 HD1  
Sending via email to: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)

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P.O. Box 2082, Kailua-Kona, HI 96745  
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March 17, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

### **Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is John Kitchen and I

am the President of Hawaii Pacific Productions.

I strongly support HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Finally, the authors of this bill are among the most knowledgeable in the State of Hawaii about the creation and implementation of hydrogen based fuels technology.

Again, for these reasons, Hawaii Pacific Productions is in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

**John Kitchen**

John Kitchen, President

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March 17, 2008

Senator Ron Menor

Chair, Energy and Environment Committee

Senator Gary Hooser

Vice Chair, Energy and Environment Committee

State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Charlotte Kono and I am a registered voter in the Makiki district.

I support HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

Charlotte Kono

March 17, 2008

Senator Ron Menor  
Chair, Energy and Environment Committee  
Senator Gary Hooser  
Vice Chair, Energy and Environment Committee  
State Capitol, Honolulu Hawaii 96813

**Testimony in Support of HB 2168 HD1 Relating to the Issuance of Special Purpose Revenue Bonds**

Chair Menor, Vice Chair Hooser and members of the committee, my name is Kenneth R. Fowler and I am a long term Substitute Teacher k-12 for HDOE, working this year at Kealakehe High School here on the Big Island. I would very much like to see Hawaii Island realize its potential for sustainable energy development becoming a leader for the very urgent changes that need to be made on a local and global scale.

I, Kenneth R. Fowler support HB 2168 HD1. After review of the H2 Technologies executive summary, I believe that this project is in the best interest of the people of Hawaii and will be a key step in bringing Hawaii to self sufficiency with regards to both electricity and transportation fuels.

Because we import 90% of our energy source and fuel and 85% of our food, as an island state, Hawaii is extremely vulnerable. Because we rely on importing all our necessities, it is costing all of us more money to survive. And I am certain that electricity and fuel prices will only go up over time causing more hardship. However, blessed with abundant sunshine, wind, geothermal, ocean currents and falling waters, we are in a great position to become less dependent on our imported energy needs. With so many renewable ways to produce electricity, Hawaii is also in a great position to be a major producer of clean hydrogen for use as a transportation fuel. The ability to convert a car or truck to run on hydrogen which can be produced on site will save money now and even more over time.

The price of gasoline and diesel are hitting us hard in the pocketbooks. I fully support any efforts to develop safe alternative transportation fuels made in Hawaii as it will benefit our society and our local economy.

Again, for these reasons, I am in support of this bill and thank the committee for the opportunity to testify.

Sincerely,

Kenneth R. Fowler  
74-5533 Luhia St. B-1A#506  
Kailua-Kona, HI 96740

SENT VIA EMAIL

DATE: March 17<sup>th</sup>, 2008

TO: Representative Marcus Oshiro, Chair,  
Representative Marilyn Lee, Vice-Chair  
House Finance Committee

FROM: Mark McGuffie, Executive Director  
Hawaii Island Economic Development Board

REF: HB2168 HD1 RELATING TO THE ISSUANCE OF SPECIAL  
PURPOSE REVENUE BONDS

ENE Committee March 18, 2008 3:15PM

Dear Chair Menor, Vice Chair Hooser and Committee Members:

On behalf of the directors and the 115 member organizations of Hawaii Island Economic Development Board, we support HB2168 HD 1 moving Hawaii toward a more energy secure and environmentally responsible State.

By addressing the critical issue of transportation fuel, will help reduce a major financial burden on the people of Hawaii. This bill will help bring the hydrogen economy to Hawaii, thereby reducing the reliance on imported fuel sources.

Supporting the intent of this bill will foster production of hydrogen from renewable energy sources such as solar, wind, hydro and geothermal.

We encourage this committee to approve HB2168 HD1.

Thank you for your consideration of this testimony

Respectfully submitted,

Mark McGuffie  
Executive Director