

LINDA LINGLE  
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.  
DIRECTOR OF HEALTH

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

## HOUSE COMMITTEE ON FINANCE

### HB 3213, RELATING TO AIR POLLUTION

Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health

February 26, 2008  
12:00 P.M.

1 **Department's Position:** While the Department of Health (DOH) appreciates the intent of the bill, we  
2 respectfully oppose it.

3 **Fiscal Implications:** Additional revenues will be collected depending on the actual amount of  
4 pollutants emitted by the affected sources.

5 **Purpose and Justification:** This bill removes the maximum limit on annual fees assessed to any one  
6 air pollution covered source. Covered sources are presently charged an annual fee based on the amount  
7 of air pollutants emitted in the past year up to 4,000 tons for any one pollutant. This measure removes  
8 the 4,000-ton emissions cap which is felt to be inequitable for the smaller sources and a disincentive for  
9 very large sources to reduce emissions.

10 The fee program was established in 1992 to support air program activities pursuant to Title V of  
11 the federal Clean Air Act. The emissions cap was an option that Title V made available to states in  
12 designing their fee program to lessen the annual fee burden on the very large sources. Retaining the cap  
13 provides continued relief for the electric generating facilities that are already paying large annual fees  
14 that are passed on to their customers.

1 A records review indicated that two facilities would be affected by the removal of the emissions  
2 cap. They are the HECO Kahe Generating Station on Oahu and the MECO Maalaea Generating Station  
3 on Maui. The additional charge would be dependent on the facilities' total emissions and will fluctuate  
4 from year to year. Based on current emissions, Kahe's fees would increase 40% from \$500,000 to about  
5 \$700,000 per year, and Maalaea's fees would increase from \$280,000 to about \$300,000 per year.

6 Thank you for this opportunity to testify.

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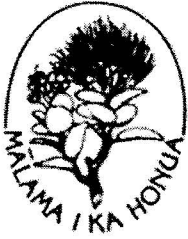
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# Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803  
808.537.9019 hawaii.chapter@sierraclub.org

## HOUSE COMMITTEE ON FINANCE February 26<sup>th</sup>, 2008, 12:00 P.M.

(Testimony is 1 page long)

### TESTIMONY IN SUPPORT OF HB 3213

Chair Oshiro and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, strongly supports HB 3213, closing a loophole in Hawaii's existing Clean Air Act that allows large polluters to pay LESS per ton of air emissions they create. ***In establishing sustainability policies, one of the first places to fix is laws that provide a perverse incentive to do the wrong thing.***

A loophole exists in Hawaii's clean air law that inadvertently provides an incentive for large polluters. Under Chapter 342B-29, covered source permit holders pay per ton of pollution emitted annually. These fees fund the Department of Health's (DOH) Clean Air Branch and other programs. Covered source permit holders, however, are not assessed fees for any tons of pollutants beyond 4,000 tons. The current law is not only unfair to covered source permit holders that emit less than 4,000 tons, it provides disincentive to reduce pollution that exceeds 4,000 tons annually.

We understand that only two companies benefit from this clause: HECO and Chevron (only covered source permit holders that emit more than 4,000 tons of pollutants per year). Why shouldn't they pay the costs of emitting these pollutants like all other permitted businesses? Eliminating this clause would eliminate another subsidy for fossil fuels.

Moreover, the DOH environmental division and the Department of Business, Economic Development, and Tourism energy resources group is short of resources and staff to implement environmental and clean energy projects and manage the new greenhouse gas limit task force and rulemaking process. By removing this loophole in the Clean Air Act, additional funds could be provided for these purposes.

Thank you for the opportunity to testify.