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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE
ON
ENERGY AND ENVIRONMENTAL PROTECTION
Thursday, February 7, 2008
8:30 a.m.
State Capitol, Conference Room 312

in consideration of

HB3444
RELATING TO ENERGY.

Chair Morita, Vice Chair Carroll, and Members of the Committee.

HB3444, Relating to Energy, seeks to provide additional funding for the state energy program's initiatives by establishing an energy security tax and an energy security special fund.

There have been many good ideas introduced this legislative session that support the State's energy and economic development goals. We note, however, that an energy security tax and establishment of an energy security special fund were not included in the Executive's Supplemental Budget, and request that this tax not displace the priorities contained in that budget.

Over the last five years, the annual budgeted General Fund appropriation to the State's energy program has averaged about \$1.2 million. I would say this amount of funding is disproportionate compared to the broad role and responsibilities of the energy program. As you

know, over the past several years, legislative measures have increased the scope and breadth of activity in Hawaii's energy sector. Federal funding has supported the state's energy program at a level twice of the annual state general fund funding, via the federal State Energy Program and competitive grant funding. As the result, two-thirds of the state energy program's staff is federally funded. Federal funding sources are diminishing, and are expected to be practically exhausted within the next 3 to 4 years.

The newly created federal partnership with the State of Hawaii, the Clean Energy Initiative, will bring new sources of funding to energy initiatives in Hawaii, but these will be program-focused, and not designed to replace the federal State Energy Program (SEP) funding that is expiring. Moreover, the partnership will require state matching funds to conduct important work in support of the state's goals for energy security. These opportunities will require staff support and may increase the pressure on limited existing resources.

While the structure of the State's energy program is fairly stable and resilient, the resources that the program has existed on to date are coming to an end, and new sources of funding need to be identified. We defer to the Department of Budget and Finance regarding new special funds or a tax increase.

Thank you for the opportunity to testify.

HAWAII RENEWABLE ENERGY ALLIANCE

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TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII
RENEWABLE ENERGY ALLIANCE BEFORE THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

HB 3444, RELATING TO ENERGY

February 7, 2008

Chair Morita, Vice-Chair Carroll and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of HREA's goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of HB 3444 is to establish the energy security special fund and the energy security tax and appropriates moneys. HREA strongly supports this bill with the following comments:

1. Support of DBEDT-Energy Office. A long-term source of funding for DBEDT's Energy Office is needed. The proposed energy security special fund could provide certainty for funding of the Energy Office, assuming that the fund matched or exceeded the requirements of the Energy Office;
2. Source of Funding. HREA believes it is appropriate to place a tax on imported fossil energy to fund the proposed energy security special fund. We recommend that the tax be placed now only on importation of crude oil, but also refined petroleum products and coal: and
3. Energy Security Special Fund Security. HREA highly recommends that language be added to the bill to ensure that the energy security special fund can only be used for the stated purposes, i.e., it cannot be raided for other purposes.

Thank you for this opportunity to testify.