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In reply, please refer to:  
File:

**COMMITTEE ON ENERGY AND ENVIRONMENT**

**H.B. 3444, HD2, RELATING TO ENERGY**

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

**March 11, 2008  
2:45 P.M.**

- 1 **Department's Position:** The Department of Health appreciates the intent of this bill to provide
- 2 financial support for energy conservation, alternative energy development, and global warming
- 3 initiatives. However, the Department has reservations about the bill and offers comments.
- 4 **Fiscal Implications:** By amending HRS Section 243-3.5 to alter the per barrel petroleum product tax
- 5 from the present 5-cents to an undetermined amount, the Environmental Response and Energy Security
- 6 Tax will distribute the monies among the three funds: the Environmental Response Revolving Fund, the
- 7 energy security special fund, and the energy systems development special fund.
- 8 **Purpose and Justification:** The bill creates the Environmental Response and Energy Security Tax.
- 9 This tax would fund two new special funds (energy security special fund and energy systems
- 10 development special fund) along with the environmental response revolving fund (ERRF). The tax
- 11 revenue derived would amend the petroleum barrel tax rate so that it will support these funds. The intent
- 12 is to provide monies for alternative energy, energy conservation, global warming initiatives, and other
- 13 efforts. The bill does not say what the per barrel tax will be to support any of the three funds, and
- 14 therefore, the fiscal implications are uncertain.

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1           In general, the Department strongly supports the development of clean energy, independent from  
2 fossil fuels, and the reduction of greenhouse gas emissions. We support adequate funding to advance  
3 those goals, consistent with administration budget priorities. However, we defer to the departments of  
4 Budget and Finance and Taxation as to the fiscal impacts of this legislation. We urge continued  
5 discussion about the most appropriate funding mechanism to meet the State's critical, clean independent  
6 energy goals. The administration has a proposal that funds energy operations in the Executive  
7 Supplemental Budget.

8           The Department is concerned that at least a 5-cents per barrel tax maintained for the ERRF to  
9 fund our statutorily mandated functions to be ready to respond to oil spills and hazardous substance  
10 releases, and to continue support our 38 departmental positions.

11           We ask that any legislation avoid an adverse impact on the priorities in the Executive  
12 Supplemental Budget.

13           Thank you for the opportunity to testify on this important measure.