

SB 2845



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEES ON ENERGY AND ENVIRONMENT
AND
TOURISM AND GOVERNMENT OPERATIONS
Tuesday, February 12, 2008
2:45 P.M.
State Capitol, Conference Room 414

in consideration of

SB 2845
RELATING TO REORGANIZATION OF STATE AGENCIES.

Chairs Menor and Nishihara, Vice Chairs Hooser and Kim, and Members of the Committee.

Senate Bill No. 2845, Relating to Reorganization of State Agencies, directs the Legislative Reference Bureau to conduct a study to determine the most effective and efficient options for reorganizing the state agencies responsible for issues relating to energy and environmental protection, including commissions, boards, councils, offices, and task forces, such as: the Department of Agriculture, DBEDT, the Department of Health, the Department of Land and Natural Resources, the Public Utilities Commission, the Natural Energy Laboratory of Hawaii, the Hawaii Invasive Species Council, the Office of Environmental Quality Control, and the Hawaii Energy Policy Forum.

The Department of Business, Economic Development, and Tourism understands the concept behind SB 2845. However, we respectfully cannot support this bill because of the significant resource implications of such a study, including staff time and attention and funding that will of necessity be diverted from the aforementioned agencies whose missions are to achieve the objectives sought by the proposed measure.

A similar conclusion was reached by DBEDT, the Department of Land and Natural Resources, the Department of Agriculture and the Department of Health when we recently convened a cabinet-level group to study the formation of a department of energy and the environment (subsuming within it the state planning functions). Rather than a time- and expense-consuming reorganization, this group determined that the responsibility for protection of agriculture, land and natural resources, water and renewable energy are already within the scope of the existing departments and that better collaboration among agencies is more effective than a structural reorganization.

The department respectfully suggests that the Legislature's goal of finding a systematic approach to transforming Hawaii's economy from one that is fossil fuel-based to one that is not can be accomplished by agencies working together within our existing organizational structure.

Thank you for the opportunity to offer these comments.

LINDA LINGLE
Governor



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SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

WRITTEN TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEES ON
ENERGY AND ENVIRONMENT
AND
TOURISM AND GOVERNMENT OPERATIONS
FEBRUARY 12, 2008
2:45 P.M.

SENATE BILL NO. 2845
RELATING TO REORGANIZATION OF STATE AGENCIES

Chairperson Menor and Nishihara and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill No. 2845 that directs the Legislative Reference Bureau to conduct a study on Hawaii's options to reorganize state agencies tasked with issues relating to energy self-sufficiency and security and environmental protection. The Department of Agriculture believes that the bill is premature and recommends that Act 253 be allowed to proceed to completion before a reorganization study is commissioned.

The Department of Business, Economic Development and Tourism (DBEDT) is currently developing a comprehensive renewable biofuels framework, pursuant to Act 253 that was passed by the 2007 legislature. Upon completion, the master plan will include a Hawaii renewable biofuels program to manage the State's transition to energy self-sufficiency based in part on biofuels for power generation and transportation. The components of the plan include establishing strategic partnerships for the research, development, testing, and deployment of renewable biofuels technologies and production of biomass crops; evaluation of Hawaii's potential to rely on biofuels as a significant renewable energy resource; supporting biofuels demonstration projects,

including infrastructure for production, storage, and transportation of biofuels; promoting Hawaii's renewable biofuels resources to potential partners and investors for development in Hawaii as well as for export purposes; and developing a plan or roadmap to implement commercially viable biofuels development. We anticipate that completion of the plan will provide a better understanding of the private sector's needs as well as long-term commitment to biofuels.

Completion of the plan will identify many of the key issues that need to be addressed and should be the basis for changes in government operations to support energy self-sufficiency and environmental protection.



STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

**SENATE COMMITTEE ON ENERGY AND ENVIRONMENTAL AND
SENATE COMMITTEE ON TOURISM AND GOVERNMENT OPERATIONS**

SB 2845, Relating To Reorganization of State Agencies

Testimony of Chiyome Leinaala Fukino, M.D.

Director of Health

February 12, 2008

2:45 p.m.

1 **Department's Position:** The Department of Health appreciates the intent of the bill but respectfully
2 opposes this bill.

3 **Fiscal Implications:** \$75,000 for a general fund appropriation, and unquantified executive staff time to
4 work with the Legislative Reference Bureau (LRB) as it does the study.

5 **Purpose and Justification:** The bill directs the LRB to study the most effective and efficient options
6 for reorganizing state agencies to deal with energy and environmental protection issues.

7 The funds for the study and the much larger implied funds for an actual reorganization will be
8 better directed to existing and planned activities within existing agencies. Much work on the substantive
9 problems is already underway and more is planned. For example, to deal with energy independence,
10 clean energy, reduction of greenhouse gas emissions, and dealing with other aspects of climate change,
11 the Legislature passed and the Governor signed energy legislation in 2006 and Act 234 on greenhouse
12 gases in 2007. Additionally, the Governor and the U.S. Department of Energy signed a Memorandum of
13 Agreement on January 28, 2008, to formally start a Hawaii Clean Energy Initiative to make Hawaii 70%
14 independent of fossil fuel energy within a generation, and the initiative has bipartisan support from the

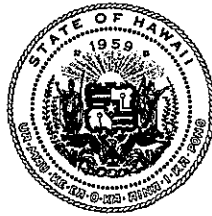
1 Legislature. In addition, the Department of Business, Economic Development and Tourism is being
2 reorganized to re-establish an Energy Division.

3 The Legislature's goal to bring about the necessary energy and environmental changes can be
4 accomplished through the current and planned efforts referred to above and within our existing and
5 planned organizational structures. In contrast, the proposed consolidation of agencies mentioned in the
6 bill may create administrative and other problems which will detract from efforts by existing agencies.

7 We also request that appropriations not adversely affect the priorities in the executive
8 supplemental budget proposal.

9 Thank you for the opportunity to testify.

LINDA LINGLE
GOVERNOR OF HAWAII



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CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**TESTIMONY OF THE CHAIRPERSON
OF THE BOARD OF LAND AND NATURAL RESOURCES**

on Senate Bill 2845– Relating To Reorganization Of State Agencies

**BEFORE THE HOUSE COMMITTEE ON
LEGISLATIVE MANAGEMENT**

February 12, 2008

Senate Bill 2845 directs the legislative reference bureau to conduct a study of agencies relating to environmental protection and energy self-sufficiency and to identify the most effective and efficient options of reorganizing State agencies tasked with issues related to energy and environmental protection appropriately. The Department of Land and Natural Resources (Department) does not support this measure as the Department believes that there are other initiatives that could accomplish what this measure intends, that have not yet had the chance to come to fruition.

The Department recognizes that there are ongoing actions that are addressing planning & sustainability on multiple fronts. One example is that the Department of Business, Economic Development and Tourism is currently developing a comprehensive renewable biofuels framework, pursuant to Act 253 that was passed by the 2007 legislature. Additionally, an agreement was signed January 28, 2008 for a partnership between Hawaii and the United States Department of Energy to make Hawaii a world model for a clean energy economy. It is unclear how the establishment of a new department would affect such ongoing projects.

Ken H. Takayama
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LEGISLATIVE REFERENCE BUREAU
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SB2845

RELATING TO REORGANIZATION OF STATE AGENCIES

**Presented to the Senate Committees on Energy and Environment
and Tourism and Government Operations**

Twenty-fourth State Legislature, Regular Session of 2008

By Ken H. Takayama, Acting Director

or Charlotte A. Carter-Yamauchi, Assistant Director

Legislative Reference Bureau

Tuesday, February 12, 2008

Chairs Menor and Nishihara and Members of the Committees:

Thank you for this opportunity to testify on S.B. No. 2845, which is a companion measure to H.B. No. 2506. The Bureau takes no position for or against the measure but submits the following concerns and comments.

This bill calls for the Legislative Reference Bureau (Bureau) to conduct a study "to determine the most effective and efficient options for reorganizing the state agencies responsible for issues relating to energy and environmental protection, so that government will be prepared for the future." The elements of the study are listed over approximately three and one-half pages. The bill also appropriates funds to enable the Bureau to hire a contractor for the study. Findings and recommendations are required to be submitted prior to the convening of the 2009 regular session of the Legislature.

As always, if the Legislature really wants us to do this study, we will do it to the best of our abilities with the resources that we have and are otherwise provided us.

To say the least, this appears to be a very broad, ambitious, and time consuming study, particularly in light of the deadline. We understand, however, that the primary area of interest in this study was the functions and duties of state agencies as they apply to energy, and to look into the feasibility of implementing in Hawaii some general work done in the past by the National Conference of State Legislatures (NCSL).

Accordingly, we request modifying the bill in the following two ways to make the scope of the study more manageable and increase the likelihood of a timely response:

- (1) Focus the study on its apparent original intent—i.e., namely the functions and duties of state agencies as they apply to energy; and

(2) Exempt the contract for the study from chapter 103D, Hawaii Revised Statutes.

Both points (1) and (2) were accomplished in H.B. No. 2506, H.D. 1. As introduced, H.B. No. 2506 was identical to this measure. As amended, however, the House Draft 1 version of this bill is distinctly more focused and clearly targeted. As such, it provides good direction for the required study. A copy of H.B. 2506, H.D. 1, is attached for reference.

Therefore, if this bill is to pass, we hope the committees will give serious consideration to making amendments similar to those made in H.B. No. 2506, H.D. 1.

Thank you very much for this opportunity to testify.

Attachment

Report Title:

Energy; State Long-term Strategy; Agency Reorganization

Description:

Directs the legislative reference bureau to research the responsibilities of state agencies that are integral to achieving state energy objectives; identify any duplication or deficiency in the state agencies responsibilities; research how other states address similar deficiencies in the administration of their energy policies; and make recommendations regarding how the state agencies can be reorganized to advance the long-term energy strategy. (HB2506 HD1)

A BILL FOR AN ACT

RELATING TO REORGANIZATION OF STATE AGENCIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that under the state
2 constitution, the State is responsible for providing its people
3 with a healthful environment; protecting the public health;
4 conserving and protecting the natural beauty and natural
5 resources of the State, including the land, water, air,
6 minerals, and energy resources; balancing the development and
7 conservation of the State's natural resources; and protecting
8 the State's marine resources and water resources.

9 In an effort to meet these constitutional responsibilities,
10 the State established a long-term energy strategy that includes:

- 11 (1) Providing dependable, efficient, and economical
12 statewide energy systems that are capable of
13 supporting the needs of the people and increasing
14 energy self-sufficiency and energy security;
- 15 (2) Establishing greenhouse gas and energy consumption
16 reduction goals for state facilities and requiring the
17 use of energy efficient products in state facilities;

- 1 (3) Proving incentives for the deployment of energy
2 efficient devices and renewable energy technologies;
- 3 (4) Establishing an enforceable renewable energy portfolio
4 standard under which a percentage of Hawaii's
5 electricity is to be generated from renewable
6 resources;
- 7 (5) Reducing greenhouse gas emissions from energy supply
8 and use;
- 9 (6) Increasing hydrogen and biofuel research and use in
10 the State; and
- 11 (7) Supporting the achievement of alternate fuel
12 standards.

13 There are many state agencies engaged in various aspects of
14 the exploration, research, distribution, conservation, and
15 production of the various forms of energy resources in Hawaii.
16 A few state agencies, namely the department of business,
17 economic development, and tourism; public utilities commission;
18 Hawaii natural energy institute; natural energy laboratory of
19 Hawaii authority; and the consumer advocate are integral to
20 successfully achieving state energy objectives.

21 The State has realized for some time now that the
22 advancement of a comprehensive long-term energy strategy depends

1 on effectively coordinating the mandates and efforts of key
2 state agencies. In 1991, the Hawaii integrated energy policy
3 found that adequate staffing, funding, and relevant statutory
4 authority are more important to effective state energy
5 management than a specific organizational option. Similarly, a
6 1995 feasibility study by the legislative reference bureau
7 determined that the creation of an energy commission would be
8 expensive and counterproductive. The recommendation was to
9 periodically review the energy resource coordinator and the
10 energy division's progress towards completing projects intended
11 to further the state energy objectives.

12 The State has made great strides in the last several years
13 to update its long-term energy strategy and give key state
14 agencies direction regarding the state energy objectives that
15 need to be met. The legislature finds that it is important now
16 to review the actual administration of and responsibility for
17 the state energy objectives among the key state agencies to
18 avoid redundancy and determine if there are any areas in the
19 administration of the long-term energy strategy that still need
20 to be addressed. It may be necessary to reorganize the
21 responsibilities of the key state agencies by amending the
22 relevant statutory authority, for instance, to eliminate

1 redundant responsibilities or fill gaps in the administration of
2 the state energy objectives. Hopefully, this review will result
3 in a more efficacious use of state resources by freeing up
4 funding and staff that can be applied to projects that further
5 the long-term energy strategy.

6 The purpose of this Act is to direct the legislative
7 reference bureau to:

- 8 (1) Identify the statutory responsibilities of state
9 agencies that are integral to successfully achieving
10 state energy objectives;
- 11 (2) Identify any duplication or deficiency in these state
12 agencies' responsibilities relating to state energy
13 objectives;
- 14 (3) Research how other states address similar deficiencies
15 in the administration of their energy policies; and
- 16 (4) Make recommendations regarding how the state agencies
17 can be reorganized to advance the long-term energy
18 strategy.

19 SECTION 2. (a) The legislative reference bureau shall
20 conduct a study to recommend the most effective and efficient
21 options for reorganizing the state agencies that are integral to

1 successfully achieving state energy objectives and advancing the
2 State's long-term energy strategy by:

3 (1) Reviewing the State's long-term energy strategy as
4 codified in chapters 196, 269, and 304A, Hawaii
5 Revised Statutes;

6 (2) Researching the statutory responsibilities of the
7 following state agencies as they relate to achieving
8 the state energy objectives outlined in the long-term
9 energy strategy:

10 (A) The department of business, economic development,
11 and tourism;

12 (B) The public utilities commission;

13 (C) The Hawaii natural energy institute;

14 (D) The natural energy laboratory of Hawaii
15 authority; and

16 (E) The consumer advocate;

17 (3) Identifying any duplication of responsibilities among
18 these state agencies' responsibilities relating to the
19 state energy objectives;

20 (4) Identifying any deficiencies in the administration of
21 the state energy objectives;

1 (5) Researching how other states have addressed similar
2 deficiencies in the administration of their energy
3 policies; and

4 (4) Making recommendations regarding how the state
5 agencies can be reorganized to achieve state energy
6 objectives and advance the State's long-term energy
7 strategy. For purposes of this section, "reorganize"
8 includes amending relevant statutory authority to
9 ensure that state agencies with separate or distinct
10 functions operate in a coherent and cooperative manner
11 towards an end result.

12 (b) The state agencies affected by this study shall
13 provide assistance and information as necessary for the
14 legislative reference bureau to achieve the purpose of this Act.

15 (c) The legislative reference bureau shall submit a report
16 of its findings and recommendations, including any proposed
17 legislation and necessary funding, to the legislature at least
18 twenty days prior to the convening of the 2009 regular session.

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$75,000 or so much
21 thereof as may be necessary for fiscal year 2008-2009 to carry
22 out the purposes of this Act. Any contract issued under this

1 Act shall be exempt from the requirements of chapter 103D,
2 Hawaii Revised Statutes.

3 The sum appropriated shall be expended by the legislative
4 reference bureau for the purposes of this Act.

5 SECTION 4. This Act shall take effect upon its approval;
6 provided that section 3 shall take effect on July 1, 2008.

HAWAII RENEWABLE ENERGY ALLIANCE

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Kahua Ranch Ltd.

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII
RENEWABLE ENERGY ALLIANCE BEFORE THE SENATE
COMMITTEES ON ENERGY AND ENVIRONMENT,
AND TOURISM AND GOVERNMENT AFFAIRS

SB 2845, RELATING TO REORGANIZATION OF STATE AGENCIES

February 12, 2008

Chairs Menor and Nishihara, Vice-Chairs Hooser and Mercado Kim and members of the Committees 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 SB 2845 is to direct the Legislative Reference Bureau to conduct a study on Hawaii's most effective and efficient options to reorganize state agencies tasked with issues relating to energy and environmental protection. HREA strongly supports this bill with the following comments:

1. Priority. Our state's need to reduce its dependence on imported energy and to increase its energy security is a very high priority. In that regard, we recommend that the Legislative Reference Bureau ("LRB") focus its attention on energy issues and examine the formation of a state Department of Energy;
2. Coordination. HREA also believes coordination among all state agencies with energy objectives and/or activities is a high priority, and consider recommending that the Dept. of Energy be given the key role coordination role; and
3. Accountability. Finally, we recommend that LRB examine the role the new Dept. of Energy would have in implementing state energy policy, and specifically with respect to the existing roles of the Public Utility Commission and Division Consumer Advocacy (Dept. of Commerce and Consumer Affairs).

Thank you for this opportunity to testify.