

Honolulu, Hawaii

May 5, 2009

RE: H.B. No. 1271  
H.D. 3  
S.D. 2  
C.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1271, H.D. 3, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to promote development for local food and energy businesses and ensure Hawaii is energy and food self-sufficient and sustainable to the maximum extent feasible by:

- (1) Creating and appropriating funds for a Hawaii Economic Development Task Force (Task Force) to accelerate and support public and private efforts to make Hawaii energy and food self-sufficient, consistent with the Hawaii 2050 Sustainability Plan, the Hawaii Clean Energy Initiative, and other government and community planning efforts;



- (2) Revising the tax collected on each barrel of petroleum product sold by a distributor under the environmental response, energy, and food security tax, formerly known as the environmental response tax, and allocating portions of the taxes collected to various funds; and
- (3) Repealing the sunset date of the general excise tax exemption on gross income or proceeds from the sale of alcohol fuels.

Your Committee on Conference has amended this bill by, among other things:

- (1) Inserting purpose language regarding the need to plan for and implement measures to help Hawaii's natural resources and humankind adapt and be resilient to the inevitable challenges brought on by climate change caused by carbon dioxide and other greenhouse gas emissions from burning fossil fuels;
- (2) Amending the provisions of the Energy Security Special Fund as follows:
  - (A) Requiring expenditures from the fund to be subject to legislative appropriation;
  - (B) Allowing, rather than requiring, moneys from the fund to be expended by the Department of Business, Economic Development, and Tourism (DBEDT) and used only for certain purposes;
  - (C) Specifying that one of the purposes for expenditures from the fund shall be to support the Hawaii Clean Energy Initiative Program, including its energy division;
  - (D) Specifying that one of the purposes for expenditures from the fund shall be to fund, to the extent possible, the Greenhouse Gas Emissions Reduction Task Force, Climate Change Task Force, grants-in-aid to the economic development boards of each county, and grants-in-aid to economic development agencies of each county to meet the stated objectives of the Hawaii Clean Energy Initiative Program; and



- (E) Making DBEDT responsible for the fund by requiring it to submit a report to the Legislature prior to the convening of each regular session;
- (3) Specifying a tax of \$1.05 on each barrel of petroleum product sold by a distributor under the environmental response, energy, and food security tax, and specifying that of this tax:
  - (A) 5 cents shall be deposited into the Environmental Response Revolving Fund;
  - (B) 55 cents shall be deposited into the Energy Security Special Fund;
  - (C) 10 cents shall be deposited into the Energy Systems Development Special Fund; and
  - (D) 35 cents shall be deposited into the Agricultural Development and Food Security Special Fund;
- (4) Amending the provisions of the Task Force as follows:
  - (A) Requiring the Task Force to carry out their duties with the assistance of DBEDT;
  - (B) Specifying that the Director of Business, Economic Development, and Tourism or the Director's designee shall chair the Task Force; and
  - (C) Clarifying that a representative from each private county economic development board shall sit on the Task Force;
- (5) Changing the appropriation to support the work of the Task Force to \$250,000 for fiscal year 2009-2010, to be appropriated from the portion of the environmental response, energy, and food security tax that is deposited into the Energy Security Special Fund, notwithstanding section 201-12.8(b), Hawaii Revised Statutes;
- (6) Establishing the Agricultural Development and Food Security Special Fund, into which shall be deposited among other things a portion of the environmental response, energy, and food security tax, making the Department of Agriculture responsible for the fund by requiring it to



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submit a report to the Legislature prior to the convening of each regular session, and appropriating \$10,500,000 out of the fund for various agriculture- and food-related projects;

- (7) Establishing the Hawaii Clean Energy Initiative Program to manage the State's transition to a clean energy economy, and appropriating \$393,518 in each year of the 2009-2011 fiscal biennium to provide for seven positions for and otherwise support the Hawaii clean energy initiative of DBEDT;
- (8) Deleting the repeal of the sunset date of the general excise tax exemption on gross income or proceeds from the sale of alcohol fuels;
- (9) Establishing a renewable energy branch within DBEDT to coordinate and promote renewable energy initiatives;
- (10) Making permanent and appropriating \$119,280 out of the Energy Security Special Fund for the renewable energy facilitator position in DBEDT;
- (11) Establishing, and appropriating \$130,000 out of the Energy Security Special Fund for, a permanent, full-time energy program administrator position in DBEDT;
- (12) Establishing, and appropriating funds out of the Energy Security Special Fund for each year of the 2009-2011 fiscal biennium, for seven full-time, temporary positions in DBEDT to support various planning and renewable energy statutory provisions;
- (13) Authorizing the Governor to, subject to the availability of federal funding for energy programs provided by grants, establish the positions necessary to accomplish the management of energy projects funded by federal grants;
- (14) Appropriating \$200,000 out of the Energy Security Special Fund for the Greenhouse Gas Emissions Reduction Task Force;
- (15) Changing the effective date to July 1, 2009; and



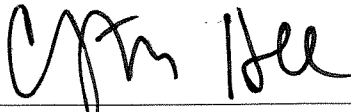
(16) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1271, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1271, H.D. 3, S.D. 2, C.D. 1.


Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



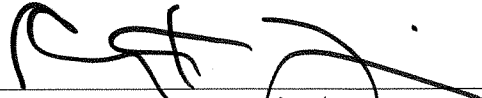
CLAYTON HEE, Chair



HERMINA MORITA, Co-Chair



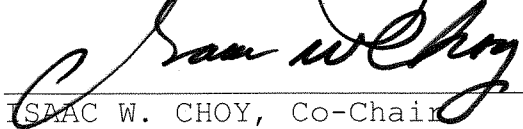
DONNA MERCADO KIM, Co-Chair



CLIFT TSUJI, Co-Chair



MIKE GABBARD, Co-Chair



ISAAC W. CHOY, Co-Chair



CAROL FUKUNAGA, Co-Chair



