

STAND. COM. REP. NO.

545

Honolulu, Hawaii

Feb 20, 2009

RE: H.B. No. 1271

H.D. 2

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

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 1271, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

begs leave to report as follows:

The purpose of this bill is to encourage and support Hawaii's energy and food security initiatives by:

- (1) Establishing a Hawaii Energy and Food Security Task Force (Task Force) to review and investigate a broad range of energy and food security issues to ensure that the development of energy and food policy is integrated into the overall economic, social, environmental, and cultural fabric of the state;
- (2) Appropriating \$250,000 for fiscal year 2009-2010 and for fiscal year 2010-2011 out of the Energy Systems Development Special Fund (Special Fund) for the Task Force;
- (3) Renaming the existing Environmental Response Tax as the environmental response and energy and food security tax (Security Tax) and increasing the Security Tax from five cents to one dollar per barrel or fractional part of a barrel of petroleum product;

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- (4) Specifying that 5 cents of the Security Tax on each barrel be allocated to address concerns relating to drinking water; and
- (5) Requiring that 2.5 cents of the Security Tax on each barrel be allocated to the Energy Systems Development Special Fund and that an unspecified amount of the Security Tax be used as provided by law.

The University of Hawaii at Manoa College of Social Sciences Public Policy Center, the Blue Planet Foundation, the Conservation Council for Hawaii, Enterprise Honolulu, The Nature Conservancy of Hawaii, the Hawaii Solar Energy Association, Sennet Capital, the Sierra Club, Hawaii Chapter, and several concerned individuals supported this bill. The Department of Taxation opposed this bill. Windward Ahupua'a Alliance, SunPower Systems Corporation, and Tax Foundation of Hawaii submitted comments.

Your Committee notes that concerns were raised regarding the ambiguity of the provision that requires an unspecified amount of the Security Tax to be used as provided by law. Your Committee respectfully recommends that future legislative efforts address this particular issue, including consideration of an amendment that would allocate this portion of the Security Tax to the general fund. In addition, your Committee notes there is a need to balance the benefits of enhancing energy and food security for the state while taking into account the potential adverse effects of a tax increase on petroleum. This measure represents a work-in-progress towards achieving this balance.

Furthermore, your Committee notes that the Hawaii 2050 Sustainability Plan included recommendations related to the subject matter of this bill. In compiling the report, the Hawaii 2050 Sustainability Task Force considered input provided by communities around the state. Your Committee recognizes the importance of community feedback in developing new approaches to addressing the issue of energy and food security.

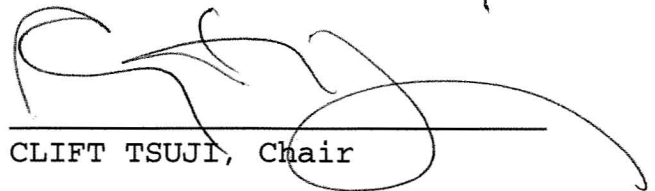
Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2062, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.



As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1271, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1271, H.D. 2.

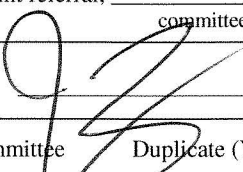
Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture,



CLIFT TSUJI, Chair



**Record of Votes of the Committee on Agriculture**

<b>Bill/Resolution No.:</b> HB 1271 HD 1		<b>Committee Referral:</b> EEP, AGR, FIN		<b>Date:</b> FEB. 18, 2009	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
<b>AGR Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>	
1. TSUJI, Clift (C)	✓				
2. WOOLEY, Jessica (VC)		✓			
3. BERG, Lyla B.	✓				
4. CHOY, Isaac W.	✓				
5. EVANS, Cindy	✓				
6. MANAHAN, Joey	✓				
7. McKELVEY, Angus L.K.				✓	
<del>8. TAKAI, K. Mark</del>					
9. TOKIOKA, James Kunane	✓				
10. WAKAI, Glenn				✓	
11. MARUMOTO, Barbara C.			✓		
<b>TOTAL (11)</b>	6	1	1	2	
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					
If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>					
<b>Vice Chair's or designee's signature:</b> 					
<b>Distribution:</b> Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO					