

**HB 1271 HD3**



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

**LINDA LINGLE**  
GOVERNOR  
**THEODORE E. LIU**  
DIRECTOR  
**MARK K. ANDERSON**  
DEPUTY DIRECTOR

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Statement of  
**THEODORE E. LIU**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN  
AFFAIRS**  
And  
**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**  
And  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

Tuesday, March 24, 2009  
2:45 P.M.  
State Capitol, Conference Room 225

in consideration of  
**HB 1271 HD3**  
**RELATING TO GOVERNMENT.**

Chairs Hee, Gabbard, and Fukunaga; Vice Chairs Tokuda, English, and Baker, and  
Members of the Committees.

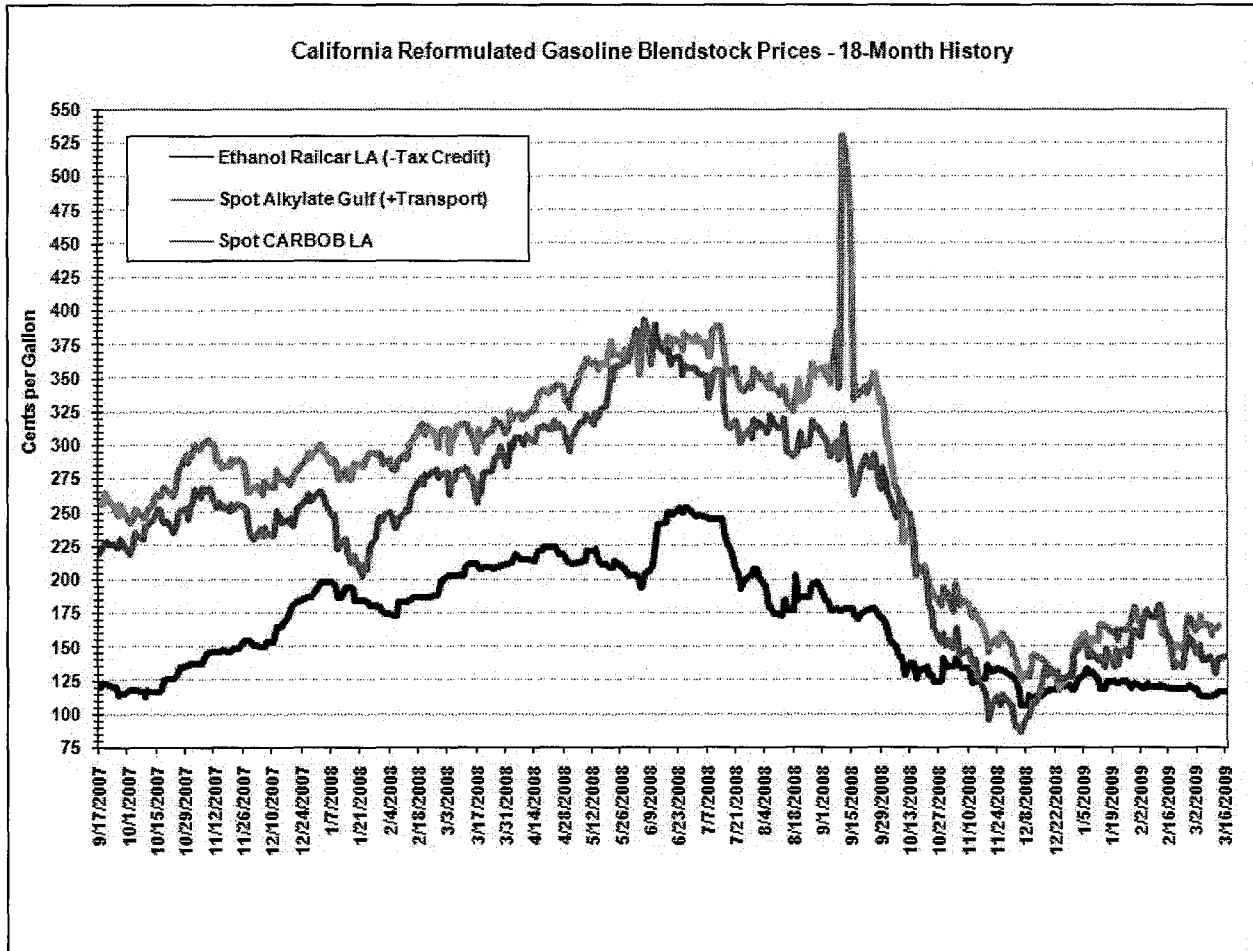
The Department of Business, Economic Development, and Tourism (DBEDT) opposes  
this bill which would establish a task force; modify the environmental response tax to become an  
environmental response, energy, and food security tax; reduce the "pass-on" effect of a petroleum  
barrel tax by suspending the ethanol content requirement for 36 months; and require the task  
force to report to the Legislature by January, 2011.

We agree with the objectives stated on pages 1 through 3 of this measure relating to the  
importance of increasing energy and food security. However, we feel that the task force  
described on pages 4 and 5 is unnecessary.

More importantly, the assumptions stated on pages 5 and 6 regarding the impact of a repeal of the ethanol content requirement are invalid; and the requirements in sections 7 and 8 are counter-productive. The department respectfully opposes these provisions.

We defer to the Department of Taxation on tax implications of the proposed new tax.

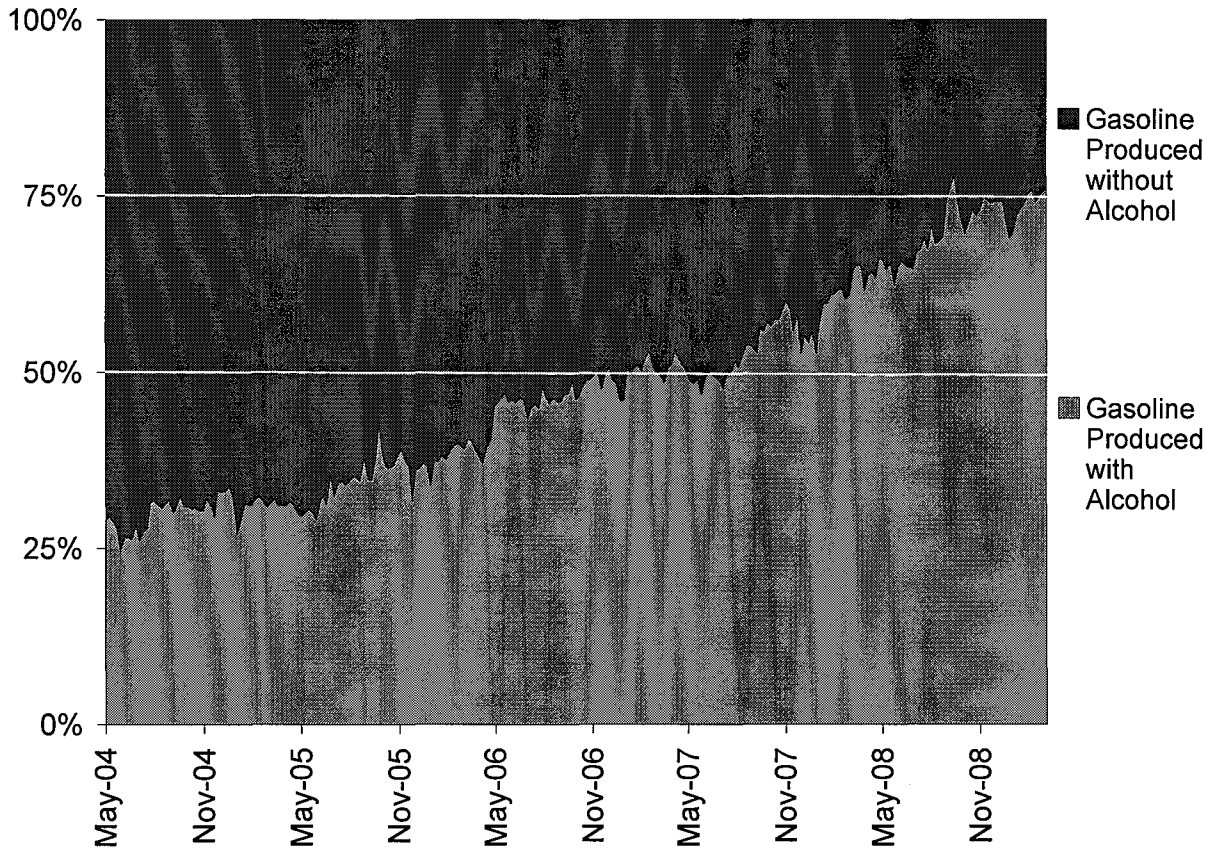
The ethanol content requirement has created a market for ethanol, the first step in attracting investment in local ethanol production facilities. When performing cost comparisons, it is important to compare fuels with similar functions and uses. Ethanol is a high octane blending component, suitable for use directly in spark ignition engines; for example, it fuels race cars in the Indianapolis 500. Crude oil, on the other hand, is not usable directly in engines.



The chart above provides a more valid price comparison: between gasoline, ethanol, and alkylate, another high octane gasoline additive. The price of ethanol is actually lower than the price of gasoline or alkylate; therefore, removing ethanol from Hawaii's gasoline would not help

Hawaii’s consumers; rather, it would remove a positive step towards energy security. Today, because of the ethanol mandate we have renewable energy in our transportation system; it is counterintuitive to remove that renewable energy source in order to increase renewable energy.

### About 75% of U.S. Gasoline is Produced with Ethanol



Source: U.S. Department of Energy, Energy Information Administration, psw11.xls

The bill would also require the Governor to request an opt-out of the Renewable Fuels Standard. We do not agree with this proposal; as pointed out above, it would not be consistent with our energy objectives and we do not believe we could make a case for “extreme hardship.”

We believe that the objectives set forth in the bill may be more effectively achieved by allowing existing targeted programs to continue ongoing inter-agency efforts to attract and enable public and private sector investment in agricultural and energy infrastructure needed to support increased energy security and food sustainability for Hawaii.

We respectfully urge the committees to delete the reference in the proposed measure that relate to the Hawaii ethanol content requirement.

Thank you for the opportunity to offer these comments.



**EXECUTIVE CHAMBERS**  
HONOLULU

LINDA LINGLE  
GOVERNOR

Testimony of  
**Linda L. Smith**  
Senior Policy Advisor to the Governor

Before the  
**SENATE COMMITTEES ON WATER, LAND, AGRICULTURE, AND HAWAIIAN  
AFFAIRS; ENERGY AND ENVIRONMENT; AND ECONOMIC DEVELOPMENT AND  
TECHNOLOGY**

Tuesday, March 24, 2009, 2:45 a.m.  
Room 225, State Capitol

**HB 1271 HD3 RELATING TO GOVERNMENT**

Chairs Hee, Gabbard, Fukunaga, and Members of the Committee:

The Administration strongly opposes HB 1271 HD3. This bill raises the Environmental Response, Energy, and Food Security Tax from 5 cents to an unspecified amount in order to fund the Hawaii Economic Develop Task Force. This bill also suspends the requirement that gasoline sold in Hawaii contain a 10% ethanol blend.

Due to the State's current economic situation, the Administration opposes any measure that increases the cost of living for Hawaii residents. Given that this measure increases the barrel tax, which is charged on each barrel of oil, both residents and businesses will be greatly impacted. To the extent that Hawaii's businesses are using fuel to transport goods and products, the end result is higher cost on all products transported and sold. Although there is a belief that suspending the ethanol blending requirement will decrease gasoline prices and therefore make the barrel tax increase acceptable, there are petroleum products like jet fuel that incur a barrel tax, but ultimately are not blended with ethanol to produce gasoline. As such, this bill is simply a tax increase and nothing more.

Although, the Administration believes food and energy self-sufficiency are topics of great importance, we do not believe a task force is necessary to accomplish these goals. The Administration believes that immediate action is needed to reduce our reliance on imported products. Rather than establishing a task force to study the issue, consideration should be given to bills currently in the legislative process that provide incentives for local food production and renewable energy generation.

For the above reasons, the Administration respectfully requests that this bill be held.

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON WATER, LAND, AGRICULTURE AND  
HAWAIIAN AFFAIRS, ENERGY AND ENVIRONMENT AND ECONOMIC  
DEVELOPMENT AND TECHNOLOGY  
ON  
HOUSE BILL NO. 1271, H.D. 3

March 24, 2009

RELATING TO GOVERNMENT

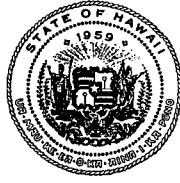
House Bill No. 1271, H. D. 3, establishes the Hawaii Economic Development Task Force within the Department of Business, Economic Development and Tourism to facilitate the accelerated adoption and completion of renewable energy projects, energy efficiency programs, agricultural infrastructure and development, and other measures to address Hawaii's energy and food security needs. This bill also suspends the requirement that gasoline sold in this state for use in motor vehicles contain ten percent ethanol by volume for a 36-month period to commence on July 1, 2009, and ending on June 30, 2012. In addition, House Bill No. 1271, H.D. 3, also establishes the Energy and Food Security special fund to receive funds from the environmental response and energy and food security tax as provided by Section 243-3.5 of the Hawaii Revised Statutes, legislative appropriations, earned interest, and funds from other sources. The special fund would be used to pay for expenses incurred to develop and implement activities to achieve food and energy independence for the State.

We oppose this bill. As a matter of general policy, this department does not support the creation of any special fund that does not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special funds should: 1) reflect a clear nexus

between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the sources of funding for Energy and Food Special Fund reflect a clear nexus and whether the Special Fund will be self-sustaining.



LINDA LINGLE  
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.  
DIRECTOR OF HEALTH

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND  
HAWAIIAN AFFAIRS**

**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT**

**HB1271, HD3, Relating to Government**

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

**March 24, 2009  
2:45 P.M.**

- 1 **Department's Position:** The Department of Health respectfully opposes this bill.
- 2 **Fiscal Implications:** This measure proposes to raise the existing Environmental Response Revolving
- 3 Fund (ERRF) tax of 5 cents per barrel or fractional part of a barrel petroleum product to an unspecified
- 4 amount, and to allocate the new tax among the following special funds at undetermined amounts; ERRF,
- 5 energy security special fund, energy systems development special fund, food security special fund, and
- 6 the general fund. The bill does not define the tax per barrel to support any of the four funds, and
- 7 therefore, the fiscal implications are uncertain.
- 8 **Purpose and Justification:** The Department uses the ERRF to respond to and cleanup hazardous
- 9 materials releases to the environment which may also affect public health. Should the measure
- 10 eventually reduce the existing 5 cents per barrel tax rate allocated to the ERRF, the Department may not

1 have adequate financial resources to carry out its statutorily mandated functions, including the ability to  
2 respond to oil spills and hazardous substance releases.

3 We defer to the Department of Taxation on fiscal impact of this measure.

4 Thank you for the opportunity to testify in this important measure.

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



KURT KAWAFUCHI  
DIRECTOR OF TAXATION

SANDRA L. YAHIRO  
DEPUTY DIRECTOR

STATE OF HAWAII  
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**SENATE COMMITTEES ON WATER, LAND, AGRICULTURE, & HAWAIIAN  
AFFAIRS AND ENERGY & ENVIRONMENT AND  
ECONOMIC DEVELOPMENT & TECHNOLOGY  
TESTIMONY REGARDING HB 1271 HD 3  
RELATING TO GOVERNMENT**

**TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)**  
**DATE: MARCH 24, 2009**  
**TIME: 2:45PM**  
**ROOM: 225**

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This measure, among other things, modifies the current environmental response tax to be the "environmental response and energy and food security tax" and assigns it a rate yet to be determined. The proceeds of the tax are to be deposited in the general fund and a number of special funds related to environmental response, energy security, energy systems development, and food security. The measure also removes the provisions of the law that provides for the suspension and reinstatement of the barrel tax pursuant to chapter 128D.

The Department of Taxation (Department) **opposes the tax provision in this legislation as a substantial tax increase.**

This legislation potentially represents a large tax increase that will impact all Hawaii drivers and utility ratepayers. The Department is also strongly concerned with the timing of this legislation, because the state and nation are in a recession where taxpayers are worried about their finances. This tax is highly regressive and will impact the poor the most.

This measure results in an indeterminate revenue gain due to the blank amounts.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Environmental response, energy and food security tax

BILL NUMBER: HB 1271, HD-3

INTRODUCED BY: House Committee on Finance

**BRIEF SUMMARY:** Amends HRS section 243-3.5 to rename the environmental response tax the environmental response, energy and food security tax. Increases the rate of tax from 5 cents per barrel to \$ \_\_\_ on each barrel and provides that \_\_\_ cents of the tax shall be deposited into the environmental response revolving fund (HRS section 128D-2); \_\_\_ cents shall be deposited into the energy security special fund (HRS section 201-12.8); \_\_\_ cents shall be deposited into the energy systems development special fund (HRS section 304A-2169); \_\_\_ cents shall be deposited into the proposed food security special fund; and \_\_\_ cents shall be deposited into the general fund.

Adds a new section to HRS chapter 141 to establish a food security special fund which shall be used for: (1) the awarding of grants to farmers for agricultural production or processing activity; (2) the acquisition of real property for agricultural production or processing activity; (3) the improvement of real property, irrigation systems, and transportation networks necessary to promote agricultural production or processing activity; (4) the purchase of equipment necessary for agricultural production or processing activity; (5) the conduct of research on and testing of agricultural products and markets; (6) the promotion and marketing of agricultural products grown or raised in the state; and (7) any other activity intended to increase agricultural production or processing that may lead to reduced importation of food, fodder, or feed from outside the state.

Establishes the Hawaii economic development task force within the Department of Business, Economic Development and Tourism (DBEDT) whose purpose is to facilitate the accelerated adoption and completion of renewable energy projects, energy efficiency programs, agricultural infrastructure and development. The task force shall consist of: (1) the director of DBEDT or designee; (2) the chairperson of the board of agriculture or designee; (3) the director of the office of planning or designee; (4) the chairperson of the board of land and natural resources or designee; (5) the dean of the UH college of tropical agriculture and human resources or designee; (6) the speaker of the house of representatives or designee; (7) the president of the senate or designee; and (8) a representative from each county's economic development board. Requires the task force to submit a report of its findings, recommendations, and proposed legislation to the 2010 legislature. The task force also shall submit a follow-up report to the 2011 legislature which shall include a description of the activities funded by the environmental response, energy, and food security tax, progress made toward energy and food self-sufficiency, and additional action necessary to achieve energy and food self-sufficiency. The Hawaii economic development task force shall cease to exist on June 30, 2011.

Appropriates \$ \_\_\_\_\_ in general funds in fiscal 2010 and the same amount in fiscal 2011 to support the work of the Hawaii economic development task force. Stipulates that the appropriation shall be made from the portion of the environmental response, energy and food security tax that is deposited into the

general fund.

From July 1, 2009 to June 30, 2012 HRS section 486J-10 (requirement that gasoline sold in the state for use in motor vehicles contain 10% ethanol), and title 15, chapter 35, Hawaii administrative rules (relating to the ethanol content of gasoline), shall be suspended. On July 1, 2012, HRS section 486J-10, Hawaii Revised Statutes, and title 15, chapter 35, Hawaii administrative rules, shall again become operational and have the full force and effect of law without the necessity of re-enactment or re-adoption.

Directs the governor to submit a petition to the U.S. Environmental Protection Agency to seek a waiver from the ethanol blending obligations under the U.S. Energy Security Act for a 36-month suspension period. Under the petition, the governor shall demonstrate that compliance with the federal renewable fuels standard would severely harm the economy of the state and that there is an inadequate supply of renewable fuel produced in the state. If a waiver is not granted by the U.S. Environmental Protection Agency, the ethanol content suspension shall nevertheless apply.

Makes conforming amendments to HRS section 128D-2 and deletes the \$20 million limitation on the funds that may be deposited into the environmental response revolving fund.

EFFECTIVE DATE: July 1, 2020

STAFF COMMENTS: This measure proposes to rename the environmental response tax the environmental response, energy and food security tax and increase the tax from 5 cents to \$\_\_\_ per barrel. The legislature by Act 300, SLH 1993, enacted an environmental response tax of 5 cents per barrel on petroleum products sold by a distributor to any retail dealer or end user. This measure proposes to increase the tax to \$\_\_\_ and provides that \_\_\_ cents of the tax shall be deposited into the environmental response revolving fund; \_\_\_ cents shall be deposited into the energy security special fund; \_\_\_ cents shall be deposited into the energy systems development special fund; \_\_\_ cents shall be deposited into the proposed food security special fund; and \_\_\_ cents shall be deposited into the general fund.

It should be remembered that the environmental response tax was initially adopted for the purpose of setting up a reserve should an oil spill occur on the ocean waters that would affect Hawaii's shoreline. The nexus was between the oil importers and the possibility that a spill might occur as the oil product was being imported into the state. Now that the fund has become a cash cow, lawmakers have placed other responsibilities on the fund, including environmental protection and natural resource protection programs, such as energy conservation and alternative energy development, to address concerns related to air quality, global warming, clean water, polluted runoff, solid and hazardous waste, drinking water, and underground storage tanks, including support for the underground storage tank program of the department of health.

It should be noted that the enactment of the barrel tax for the environmental response revolving fund is the classic effort of getting one's foot in the door with a palatable and acceptable tax rate with the possibility of increasing the tax rate once it is enacted which is being proposed by this measure. Because the tax is imposed at the front end of the product chain, the final consumer does not know that the higher cost of the product is due to the tax. Thus, there is little, if any, accountability between the lawmakers who enacted the tax and the vast majority of the public that ends up paying the tax albeit indirectly. Proponents ought to be ashamed that they are promoting a less than transparent tax increase in the

burden on families all in the name of environmental protection and food security. This proposal is nothing more than another bureaucratic boondoggle that merely expands the size of government at the expense of working families and small businesses struggling to survive in this economy and trying to make ends meet. While the proposed measure also establishes a Hawaii economic development task force for the stated purposes, it is questionable why these goals are not addressed by the “qualified experts” of DBEDT.

It should be remembered that the State Auditor has singled out the environmental response revolving fund as not meeting the criteria established and recommended that it be repealed. The Auditor criticized the use of such funds as they hide various sums of money from policymakers as they are not available for any other use and tend to be tacitly acknowledged in the budget process. More importantly, it should be recognized that it is not only the users of petroleum products who benefit from a cleaner environment, but it is the public who benefits. If this point can be accepted, then the public, as a whole, should be asked to pay for the clean up and preservation of the environment.

Funds deposited into a revolving fund are not subject to close scrutiny as an assumption is made that such funds are self-sustaining. It should be remembered that earmarking of funds for a specific program represents poor public finance policy as it is difficult to determine the adequacy of the revenue source for the purposes of the program. To the extent that earmarking carves out revenues before policymakers can evaluate the appropriateness of the amount earmarked and spent, it removes the accountability for those funds. There is no reason why such a program should not compete for general funds like all other programs which benefit the community as a whole. And while the legislation describes various activities for which the funds in the new special fund can be expended, it is the newly establish economic development task force that will specify the types of programs that will benefit from the fund.

Rather than perpetuating the problems of the barrel tax, it should be repealed and all programs that are funded out of the environmental response fund should be funded through the general fund. At least program managers would then have to justify their need for these funds. By continuing to special fund these programs, it makes a statement that such environmental programs are not a high priority for state government. This sort of proliferation of public programs needs to be checked as it appears to be growing out of hand and at the expense of the taxpayer.

If it is a matter that no funds in this fiscal environment have been set aside to address federal environmental mandates, then consideration should be given to first prioritizing how the money that is already in the fund is to be spent and then to set a sunset deadline by which these programs are to be general fund financed and the tax repealed. The measure also seems to imply that the funds in the new special fund will be used to leverage federal funds through grants and other appropriations. If that is the case, the legislature already has the ability to appropriate state funds to be used as matching funds for federal aid and grants.

While the proposed measure would suspend the ethanol blending requirement of gasoline used in motor vehicles for a 36-month period to reduce the price of gasoline, because as the committee report from the finance committee notes, the increase in the barrel tax will increase the price at the pump as well as all costs. Since ethanol is more expensive than pure gasoline per gallon, lawmakers see the suspension of the ethanol mandate as a way to alleviate the cost for motorists. While a waiver of the state’s election to opt-in to the EPA program for the use of gasohol is being sought, it would only be successful if the EPA finds that: (1) implementation of the gasohol program would severely harm the economy or environment

of a state; or (2) there is inadequate domestic supply to satisfy the ethanol needs. However, the waiver does not constrain the state's ability to continue to blend, it only reduces or eliminates the requirement to blend alcohol based fuel. Further, it is most definite that a state cannot opt out of the agreement with the EPA once it has opted- in to the program.

Lawmakers should not only be concerned about the impact that the increase in the barrel tax will have on motor fuel, but on the cost of living in general. Because this is a tax at the front end of the consumer chain, it will be imbedded in everything that is consumed in the state. And because it is at the front end, it will tend to pyramid the cost of goods and services as each business in the chain add his or her mark-up to an increased base price. Thus, now is hardly a time to add such a tax that will cause prices to rise at the retail level because its imposition is at the raw product level.

Given that this proposal amounts to a tax increase, can its sponsors hold their heads high when they return to their constituents and tell them that while their colleagues rant and rave about the collusive petroleum industry ripping off motorists at the pump that they themselves contribute to not only the high cost of gasoline but also the high cost of electricity to light our homes to the pricey take-out lunch because the cost of that energy will increase even more with this proposal. While lawmakers would like to preen their feathers that they are oh-so eco friendly and environmentally concerned, they do so at a cost to the taxpayer. While tax increases are unacceptable in these difficult times, this proposal is especially reprehensible as it hides behind the skirt of being environmentally concerned and it hides behind the shadow of businesses that will end up with the blame of ripping off the consumer yet again

Proponents of this measure point out this measure will help Hawaii become more energy self-sufficient and stop sending more and more money out of the state because Hawaii is so dependent on fossil fuels. On the other hand, they also point to the fact that the U.S. Department of Energy has designated Hawaii as the number one state for the potential of shifting its energy resources to renewable. If that is the case, then there should federal funds available to build the necessary infrastructure for renewable energy sources. While making the shift to renewable energy sources, as well as providing support for sustainable agriculture in the state is nice to have, it would come as a terrible price especially in the current economy.

Not only does this measure represent a major tax increase at a bad economic time, it also creates another huge public bureaucracy riddled with a plethora of new programs. Given the current struggle over the state's budget, this is not a time to expand government. If advocates of this measure want to adopt this new public bureaucracy, then they should be asked what the state can do without from its current panoply of programs and services.

Digested 3/23/09



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## TESTIMONY

### RE: HB1271 HD2 RELATING TO GOVERNMENT

Chair Hee, Chair Gabbard, Chair Fukunaga and Members of the Committees:

Hawaii Farm Bureau Federation, the State's largest general agriculture advocacy organization supports HB1271 HD3 which modifies the Environmental Revolving Fund to provide for long term Energy and Food Security.

Hawaii Farm Bureau Federation agrees with the intent of the measure to identify a stable funding source to provide for long term energy and food security in the State. Today, as everyone faces economic hardships, the balance between cutting costs and providing for the future is critical. Agriculture is just at that tipping point. Our farmers and ranchers are undergoing severe hardships not only due to economic challenges but from other fronts including weather, either droughts or flooding. Many of our larger farmers ...those who make a difference in Hawaii's self sufficiency have quietly faded away as they lost their life savings or are unable to pay loans due to increased costs of production. Energy costs play a significant role in their plight – and not just through direct fuel costs to run their tractors but due to their inputs(fertilizers, drip tubing, crop protection chemicals, tractor tires, etc.) that are fossil fuel based, or their utility bills to process or chill their products.

Combining Energy and Food Security into a comprehensive plan has merits. As renewable energy facilities are considered, many of the lands on which they could be sited are on agricultural lands. It is a no-brainer that the most productive agricultural lands ..flat terrain, easy access to infrastructure, and good sunlight in the case of solar are the same lands that make it most attractive for energy development. To meet Hawaii's long term food and energy security needs, it will be critical that there be a balance between agriculture and energy production. As energy prices have skyrocketed, there is a rush to provide for long term energy self sufficiency. Last year, when there was a tomato contamination issue, every buyer became Hawaii's tomato farmer's best friend. One week later, as the scare subsided and mainland tomatoes were deemed safe, the buyers no long recognized the existence of the local farmer. The same happens during a strike or catastrophic events. Just as renewable energy facilities cannot be constructed overnight, fields of produce or stockyards of cattle cannot happen when the need suddenly appears. It must be nurtured and cultivated everyday. Agriculture has the potential to not only provide for self sufficiency but bring new monies into Hawaii with export of unique items that may be in demand on the mainland or in foreign destinations. This new money into Hawaii is important to expand Hawaii's financial needs to provide for services for everyone. Providing for self sufficiency alone does not provide for our long term sustainability.

We agree with the concept of working with Economic Development Boards and strongly urge continued discussion on a Comprehensive Food and Energy Security program. Farm Bureau looks forward to participating in the discussions. It is important that all ramifications to all sectors of society is understood as we move forward with this measure.

Thank you for this opportunity to provide comments on this matter.



# **Maui County Farm Bureau**

*An Affiliate of the American Farm Bureau Federation and Hawaii Farm Bureau Federation*  
**Serving Maui's Farmers and Ranchers**  
P.O. Box 148 Kula, Hawaii 96790

## **RE: HB 1271 HD3 Relating to Government**

Chair Hee, Chair Gabbard, Chair Fukunakga and Members of the Committees:

Maui County Farm Bureau is Maui's general agriculture advocacy non-profit organization. Affiliated with the Hawaii Farm Bureau and American Farm Bureau Federation, we represent Maui's farm and ranch families and organizations. MCFB supports HB1271, HD3, creating a funding mechanism for long term Energy and Food Security.

While it is commonly recognized that the Hawaii of today was made possible because of the success of large scale agriculture, its' relevance to current society is ignored. As tourism grew in Hawaii, agriculture's significance to Hawaii was largely ignored. It's critical nature never changed, but as people became less dependent upon farming and ranching for a living, they took it for granted. It became easier to believe that someone else was taking care of making sure that there would be food and fiber ...you just did not have to worry about it. Today, most people do not see agriculture as a business but as a lifestyle, with expectations not grounded in reality. Criticism of large scale agriculture abound with praise for garden style plantings which will not put food on the table for the average person living in Hawaii. This will not provide for increasing Hawaii's long term self sufficiency or sustainability. Farming is hard work ...not just a lifestyle. This apathy to agriculture has spread beyond individuals to policymakers and to the majority of people in Hawaii. There are a few stalwarts who believe in the industry and a few policymakers who strive to do what is right but it is always an uphill battle with competing interests. What is ironic is that during emergencies and catastrophic events, a temporary awareness occurs ...that local agriculture to provide for a remote isolated island State is important. But, as good times return, this awareness disappears. (How many people count on farmer friends for donations for fundraising events but fail to speak up at public hearings to defend their friends' livelihoods?)

The intent of this measure to provide a stable funding mechanism for energy and food self sufficiency has merits. However, it is occurring at a time when farming is already facing high prices and while we agree with the concept, our position must be determined after understanding all of the ramifications it could have on our industry. During this economic down turn, the true farmers ...those who have and are providing for the people of Hawaii, whether it be food on the table, plants for landscaping, or energy for electricity are the ones at most risk. They have imposed a form of tax on to themselves by not passing on many of the increased costs they have faced. Over 300% increases in fertilizer costs, some of which have reduced but many remain high have not been compensated by higher prices paid for the vegetables or products they produced. Transportation costs already challenge our industry, especially those in livestock, where feed is largely import dependent. We have already lost many dairy farms and can count our poultry farms on one hand. Further increases in costs to this fragile industry will be catastrophic. While per unit cost associated with these measures may be small, many of the supplies our farmers and ranchers use are bulky with significant volume. That small measure multiplied many times can become a large number very quickly.

MCFB has been partnering with the Maui Economic Development Board to grow our agriculture. One of our challenges is to have farmers and ranchers. They are assisting us in increasing agricultural exposure to students and teachers to get students interested in selecting agriculture as a career choice. As entities adept in seeking grants and other sources of extramural funding to complement public funding, involvement of the Economic Development Boards makes sense. The Economic Development Boards are managed by leaders from a very broad background. Their combined social and business backgrounds will provide a sound basis for decisionmaking.

Even as there is an abundance of agriculturally zoned lands that are not in active agriculture, there are increasing incidences of competing interests for actively farmed lands by renewable energy interests. Hawaii needs both renewable energy and food. Balancing of both needs is critical. By having both responsibilities under one umbrella, responsible for a balanced approach is in the long term interest of Hawaii.

We support this measure, seeing it as a mechanism to achieve a balance between agriculture and renewable energy production to increase Hawaii's self sufficiency and long term sustainability. We appreciate this opportunity to provide comment.

Respectfully submitted,

Warren K. Watanabe  
Executive Director, MCFB

Hawaii Farmers Union

[www.hawaiifarmersunion.org](http://www.hawaiifarmersunion.org)

Eden M. Peart

P.O. Box 1863

Honokaa, HI. 96727

**TESTIMONY ON HB 1271 HD3**

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN  
AFFAIRS

Senator Clayton Hee, Chair

Senator Jill N. Tokuda, Vice Chair

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator J. Kalani English, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair

Senator Rosalyn H. Baker, Vice Chair

Tuesday, March 24, 2009

2:45 p.m.

Conference Room 225

Aloha Chairs Hee, Gabbard and Fukunaga and Committee Members,

HB 1271

Hawaii Farmers Union supports HB 1271. This legislation takes an important step in identifying immediate actions and revenue sources to transform Hawai'i's economy toward a sustainable, generative (people-feeding!) agriculturally-based model.

Hawaii Farmers Union is the newest subdivision of the National Farmers Union. Established in 1902, NFU is the oldest general farming organization in the United States, representing nearly 300,000 family farmers, ranchers and fishers.

Farmer/producer grassroots-developed policy is the hallmark of Farmers Union. The NFU policy on biofuels has relevance to this and similar legislation. NFU biofuels policy promotes and supports only DOMESTIC (in our case, only Hawai'i (locally) - produced ethanol. NFU policy defines an appropriate technological application of biofuels production on a scale (ideally local, cooperatively-produced,) biofuel as a piece of sustainability small/family farming operations in Hawai'i. Therefor the only additon to early drafts of HB1271 that HFU suggests is qualifying the suspension of the ethanol requirement to a time when LOCAL biofuels production can provide the 10% (or higher,) quota.

Thank you for this moving forward this important and strategic legislation!

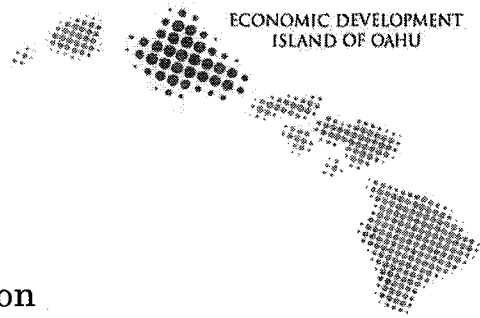
Sincerely,

Eden Marie Peart

Hawaii Farmers Union

March 23, 2009

Hawaii State legislature  
State Capital  
Honolulu, Hawaii 96813



Support Testimony on  
H.B. NO. 1271

**Relating To Hawai'i Food & Energy Security**

COMMITTEE WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Senator Clayton Hee, Chair  
Senator Jill N. Tokuda, Vice Chair

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair  
Senator J. Kalani English, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukanaga, Chair  
Senator Rosalyn H. Baker, Vice Chair

Tuesday, March 24, 2009, 2:45 p.m., Conference Room 225

**Enterprise Honolulu, the Oahu Economic Development Board, strongly supports H.B 1271 with amendments contained in proposed HD 3**, – to create a \$1 per barrel oil tax and the Hawaii Economic Development Taskforce to provide direction, governing authority, and funding to accelerate Hawai'i's food and energy security. This legislation gives Hawai'i the ability to turn two of Hawai'i's biggest problems and threats to Hawai'i citizens into two of Hawai'i's most significant new opportunities to achieve food and energy security and real sustainability.

Today there can be no more vulnerable place on earth than Hawai'i with 100% imported oil and 85% imported food dependency. Hawai'i now imports 100% of our oil, (33%) for electricity production, (33%) ground and marine transportation and (33%) aviation.



**ENTERPRISE  
HONOLULU**

THE BUSINESS CLIMATE OF PARADISE

737 Bishop Street, Suite 2040, Honolulu, Hawaii 96813 • 808-521-3611  
Fax: 808-536-2281 • [www.EnterpriseHonolulu.com](http://www.EnterpriseHonolulu.com)

The Department of Energy and the National Renewable Energy Lab reported that in 2008, the yearly cost of this imported oil to every man, woman and child in Hawai'i is over \$2,000 per capita. That's over \$8,000 a year for every household of 4. Hawai'i imports +/- 50 million barrels of oil annually. In 2007 the average cost was \$73 a barrel. That equals \$3.5B a year total or \$7,000 per Hawai'i household. In 2008 the average cost of oil was \$100 a barrel. Imported oil dropped to 41MBY which is about \$8,000 per Hawai'i household (500,000 households). When you add oil at \$4.1 Billion plus food at \$4.5 Billion, Hawaii exported \$8.6 Billion dollars in 2008 that could have been invested here.

HB 1271 provides a \$1.00 a barrel tax on all oil imported to Hawai'i annually. It is estimated this will create a \$40M to \$50M annual fund depending on the amount of oil imported and processed each year.

With this fund and the Hawaii Economic Development Taskforce, Hawai'i will have the capacity, scope and funding to complete renewable energy projects, repair local food production infrastructure and move projects forward that can accelerate Hawai'i's transition to greater food and energy security.

To achieve the level of clean energy use envisioned, a transformational approach that draws on the strengths and resources of the state and federal energy institutions working with the counties and the private sector must be envisioned and established immediately. Action, both on the projects and the policy level must be coordinated and designed to reinforce each other and provide the greatest leverage of financial resources.

This plan envisions a series of coordinated activities that will help define the necessary actions and activities that will launch the state on a path to a transformed energy future.

We can develop near and long term action plans for transforming the state's energy economy through end user efficiency, electrical generation, energy delivery, and transportation. Integrating these four transformational pathways into an overarching energy and food strategy will:

- Aggregate the information from each area to help set aggressive but achievable goals.
- Coordinate the findings of the four strategic plans to define the long term transformational strategies that will allow for system wide integration and sustainable institutional change.
- Identify and coordinate high visibility projects in the state that will demonstrate innovation and strategic use of energy resources to achieve high penetrations of renewable energy.
- Work with the state's policy, regulatory, and financial organizations to design and implement the transformational changes needed to set the state on a path to a clean and abundant energy future.

The following projects are necessary to accelerate Hawai'i's transition to renewable energy and food security:

- Build the smart grid including the interisland marine cables.
- Increase efficiency for homeowners through accelerated use of the public benefit fund to install solar hot water systems on low income homes.
- Align Hawai'i's land use and water use by designating Important Agriculture Lands, which land is best for food production, which for energy crops and renewable energy projects.
- Align the permitting, licensing and EIS processes to expedite simultaneous development of the smart grid, while siting renewable energy projects and expanding food production.
- Repair water systems and designate water use capacity for energy and food production.
- Support farmers in diversified agriculture to grow both food and energy crops in an integrated system.
- Convert Hawai'i households and businesses to solar hot water heating systems and P.V. (this can reduce Hawai'i's electricity use by 20%) and employ hundreds of workers.
- Expedite the use of smart metering on every Hawai'i home, business, school, university and government building. This can also employ hundreds, perhaps thousands of workers annually with good paying "green collar" jobs.
- Accelerate the infrastructure development and incentives for electric cars.
- Resolve land use access for increased agriculture food production.
- Increase support for growers to lease land and equipment and intensify marketing, transportation, storage and sales of local food purchasing by families, restaurants, hotels, schools and the military.
- Assist growers to develop new production models that integrate renewable energy production with food production for maximum efficient water and land use, creation of fertilizer, silage feed stock and new food products.

These are some of the most immediate and essential activities that the Hawaii Economic Development Taskforce and the \$1 barrel tax proposed in HB 1271 proposed HD3 can accelerate. No new government agencies are created and this entire effort is transparent and accountable to the Legislature and Hawaii residents.

Without the capacity, oversight, strategies and implementation of the proposed Hawaii Economic Development Taskforce, it is doubtful these tasks will be completed expeditiously in a coordinated and integrated manner that moves Hawai'i as quickly as possible to greater food and energy security.

Other benefits that come from this initiative over time:

- Import substitution reduces the dollars we export and fundamentally improves our state economy. Each import dollar retained in state generates \$2-\$3 in positive local economic impact.
- Abundant, stable, inexpensive surplus renewable energy is created.
- New specialty food products and surpluses for export are created.
- Intellectual property from new renewable energy and organic agriculture, technology and processing designs.
- Millions of dollars of new investment in renewable energy and agriculture enterprises will improve and diversify our economy.
- Hundreds, perhaps thousands of new green collar and clean tech jobs and careers will be created over the next two decades.
- Construction jobs on projects for energy and infrastructure
- New demand and opportunities for support services for these new industries, i.e. legal, accounting, A&E, marketing, communication, advertising, exporting, finance, management consulting, training and education.
- Niche tourism: agriculture, energy, recreation, eco, sports, adventure, health/wellness, education, authentic Native Hawaiian culture experiences will continue to grow if Hawai'i provides organization and structure for visitors desiring these experiences and, if we're cautious and don't homogenize Hawai'i to look and feel like everywhere else. It's Hawai'i's authenticity and uniqueness that is our highest value.

But time is of the essence and without a secure funding source and the knowledgeable resources and a new mechanism to move these projects forward, the people of Hawaii will continue to pay dearly for our own vulnerability. The time for this action is now and we commend the Senate and our public and private leaders for taking this bold step now.

**Enterprise Honolulu, the Oahu Economic Development Board, supports HB 1271 with proposed amendments in HD3, including the removal of language that would suspend the states ethanol mandate that creates our local market for ethanol production.** We are committed to work with you to help make this legislation a reality.

Sincerely,

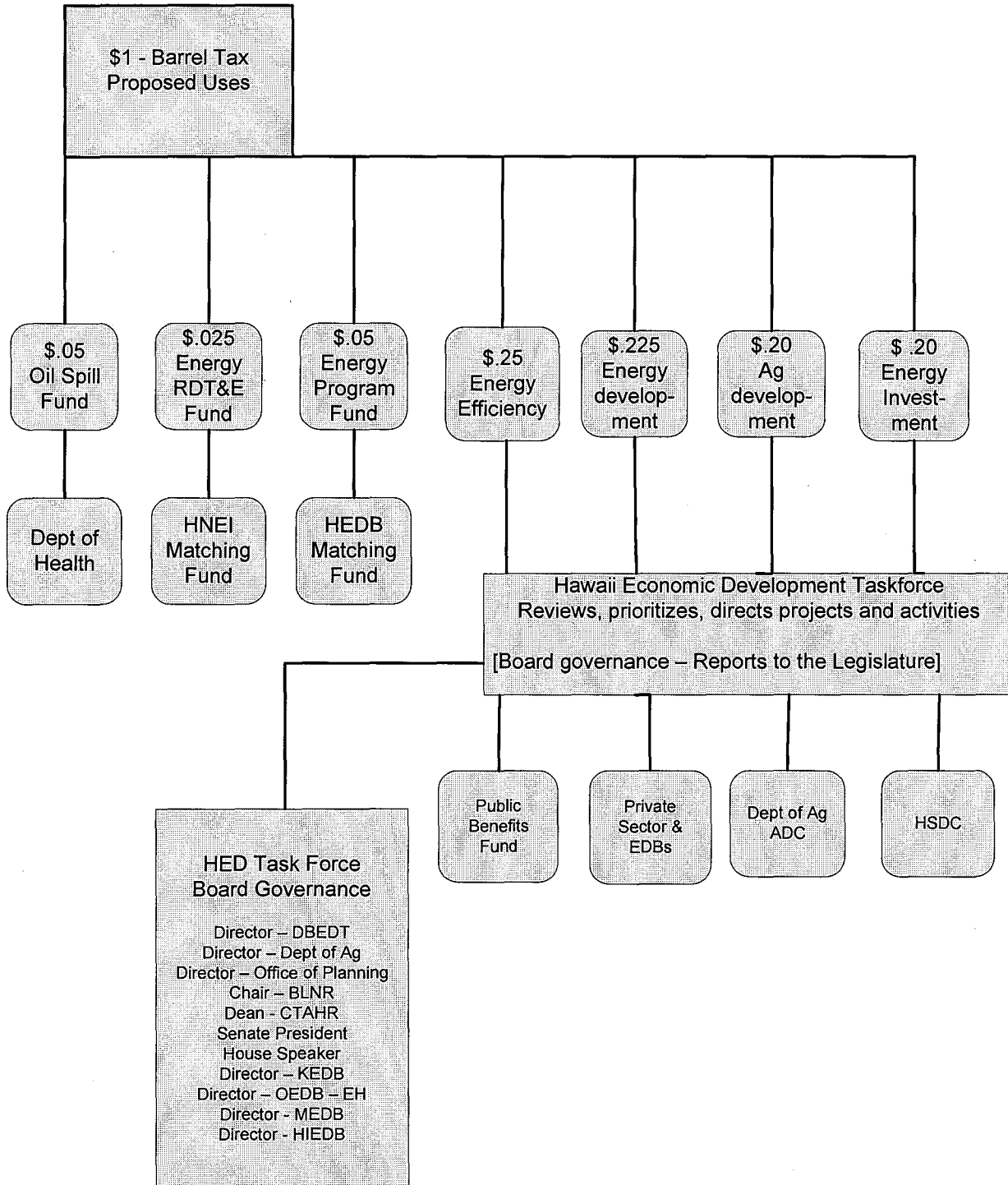


John R. Strom  
VP Business Development & Technology



# Hawaii Energy and Food Security Act

## Proposed Fund uses



## **What does it take to finish a project in Hawai'i?**

- **Step One - Start with a good idea...**
  - **Find Suitable Land/Sites - Resources needed: Realtors, EDB's, Friends**
  - **Review Community Project Suitability - Community Outreach - Open Dialogue**
  - **Develop a Viable Business Plan - Review Incentives, \$'s needed , Legal issues, Markets, Brand, Workforce**
    - **Does the Project proceed to Step Two? - Yes or No**
  
- **Step Two - Community Acceptance of Project**
  - **Complete site selection process - Resources: Financial, legal, EDB, Zoning**
  - **Environmental permitting - EA, EDB's, Counties, Legal , DLNR, SMA**
  - **Strengthen Community Outreach - county, community and EDB**
  - **Secure final funding commitment**
    - **Does the project Continue to Step Three? - Yes or No**
  
- **Step Three - Build the project**
  - **Ground breaking**
  - **Workforce search and development**
  - **Pre-opening and training to Operational...**

# Project Barriers

- Land – Cost/Usability/Density issues
- Community rejection/lack of stakeholder dialogue
- Stalling on lease issues/contested use
- Permitting, land and water use issues
- Legal roadblocks
- Finances and fund availability for growth
- Basic commodity Costs for Operations:  
Power/Water/Transportation/Fuel
- Cost of Employee Mandated benefits
- Time delays and the cost of time on a project & market

**Report Title:**

Food and Energy Security Program Establishment; [~~Ethanol Content  
Repeal~~]

**Description:**

Establishes the Hawaii economic development task force to address Hawaii's energy and food security needs. Increases the tax collected on each barrel of petroleum product sold by a distributor. Allocates portions of the taxes collected to various funds [~~, including the general fund. Suspends for 36 months the requirement that gasoline sold in the State for use in motor vehicles contain 10% ethanol by volume.~~] (HB1271 HD3)

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# A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

1 PART I

2 SECTION 1. The purpose of this Act is to:

3 (1) Promote economic development for local food and energy  
4 businesses by establishing necessary funding,  
5 guidance, and infrastructure;

6 (2) Ensure Hawaii is energy and food self-sufficient and  
7 sustainable to the maximum extent feasible; and

8 [~~3~~ Raise general funds during fiscally challenging  
9 times.]

10 Hawaii is at a crossroads. As the most geographically  
11 isolated state in the country, we are dangerously dependent on  
12 imports for basic food and energy needs. We import about  
13 eighty-five per cent of our food and ninety-five per cent of our  
14 energy. It has been estimated that Hawaii exported \$8.6 billion  
15 for food and oil in 2008, and every dollar exported is a lost  
16 opportunity to support and invest in local business. Our  
17 dependence on imports also exposes residents and businesses to  
18 volatile food and energy costs as oil prices fluctuate.

HB1271 HD3 Amended 3-23-09

\*HB1271 HD3 Amended 3-23-09\*

\*HB1271 HD3 Amended 3-23-09\*

1 In addition, the mass consumption of fossil fuels, driven  
2 by our dependence on food and energy imports, contributes to  
3 global warming and the deterioration of the environment,  
4 imposing potentially major but unknown costs and other impacts  
5 on Hawaii's people.

6 Although Hawaii is home to renewable energy resources like  
7 solar, wind, ocean, and geothermal, we as a community have not  
8 taken advantage of alternative energy and energy efficiency  
9 solutions to make our State more energy independent. As an  
10 example, despite year-round sunshine, only thirty per cent of  
11 Hawaii's residents have solar water heaters.

12 Similarly, many acres of highly productive agricultural  
13 lands are not being farmed. Currently, Hawaii has a fresh  
14 supply of produce for no more than ten days. Ninety per cent of  
15 the beef, sixty-seven per cent of fresh vegetables, and sixty-  
16 five per cent of fresh fruits, and seventy per cent of milk  
17 consumed in this state are imported. While Hawaii may never  
18 produce one hundred per cent of its food, the risks and costs to  
19 society cannot be ignored.

20 Like energy, producing local food would reduce Hawaii's  
21 demand for fossil fuels, keep money in our community, and

1 decrease the vulnerability to food supply disruptions caused by  
2 natural disasters or worldwide economic events.

3 Now is the time for bold action to squarely address  
4 Hawaii's energy and food requirements. It will require long-  
5 term commitment, dedication, and investment by government, the  
6 private sector, and Hawaii's people to dramatically shift the  
7 course of direction toward a more energy independent and  
8 agriculturally sustainable society. As a State and as a people,  
9 we must decide whether we will continue to be dependent on  
10 external sources for our basic needs, or whether we will build,  
11 invest in, and develop the capacity to become food and energy  
12 independent.

13 The legislature finds that it is in the best interests of  
14 Hawaii's people to build the capacity we need to become energy  
15 and food self-sufficient. As discussed in the Sustain 2050  
16 Report and Hawaii Clean Energy Initiative, Hawaii has all the  
17 necessary assets to significantly improve sustainability and  
18 independence over the next twenty years if appropriate personnel  
19 resources and sustainable funding are used wisely. To succeed,  
20 the State must ensure that our long-term strategy is well-  
21 resourced, coordinated, and focused.

1           This Act creates a Hawaii economic development task force  
2 to accelerate and support public and private efforts to make  
3 Hawaii energy and food self-sufficient, consistent with the  
4 Sustain 2050 task force, the Hawaii Clean Energy Initiative, and  
5 other government and community planning efforts. The Hawaii  
6 economic development task force shall set priorities for  
7 government agencies, determine how funds shall be allocated,  
8 develop an overall road map to achieve the purpose of this Act,  
9 and identify the economic development, workforce, and consumer  
10 education issues relating to the production of food and energy.

11           The legislature intends that the Hawaii economic  
12 development task force take an interdisciplinary approach to  
13 seek the most efficient and effective pathways for interagency  
14 coordination. The Hawaii economic development task force shall  
15 work collaboratively with all levels of government and the  
16 private and nonprofit sectors to address water, land,  
17 regulatory, and natural resource issues intertwined with food  
18 and fuel production. Such an approach ensures that energy and  
19 food policy development is integrated within the overall  
20 economic, social, environmental, and cultural aspects of  
21 society. With an understanding of these overlapping goals and



1 resources, our State can maximize the opportunities to ensure  
2 food and energy security for generations to come.

3 The legislature finds that undertaking this important task  
4 of energy and food security requires substantial financial  
5 resources. An investment and long-term commitment by the State  
6 must be made. To that end, this Act also increases the per-  
7 barrel tax on petroleum products under the environmental  
8 response, energy, and food security tax, formerly known as the  
9 environmental response tax.

10 The legislature also recognizes that the businesses and  
11 people of this State would be adversely impacted by the pass-on  
12 of the increased barrel tax. In these tough economic times, the  
13 legislature chooses to implement a measure that is intended to  
14 ~~[reduce the price of gasoline at the pump while increasing tax~~  
15 ~~revenue]~~ reduce oil dependency and improve food security.

16 ~~[To accomplish this, this Act suspends the requirement that~~  
17 ~~gasoline sold in this state for use in motor vehicles shall~~  
18 ~~contain ten per cent ethanol by volume. At present, the cost of~~  
19 ~~a barrel of oil is much less than the cost of a barrel of~~  
20 ~~ethanol. Thus, the repeal of the ethanol content requirement is~~  
21 ~~intended to result in the replacement of more expensive ethanol~~  
22 ~~with less expensive oil in the refining process that produces a~~

1 ~~gallon of gasoline. The suspension applies for thirty-six~~  
2 ~~months. Before the expiration of this suspension, the~~  
3 ~~legislature intends that the prices of ethanol and oil be re-~~  
4 ~~examined to determine if the suspension should be discontinued,~~  
5 ~~extended, or allowed to expire.~~

6 ~~— The legislature has not included in this Act a requirement~~  
7 ~~that refiners, jobbers, and dealers pass on any savings to the~~  
8 ~~consumer. The legislature is confident that market forces and~~  
9 ~~competition will suffice to lower the price of gasoline to~~  
10 ~~offset the additional barrel tax imposed by part II.]~~

11 PART II

12 SECTION 2. Chapter 141, Hawaii Revised Statutes, is  
13 amended by adding a new section to be appropriately designated  
14 and to read as follows:

15 "§141- Energy and Food security special fund;

16 establishment. (a) There is established within the state  
17 treasury the food security special fund.

18 (b) The following shall be deposited into the special  
19 fund:

20 (1) The portion of the environmental response, energy, and  
21 food security tax specified under section 243-3.5;

1        (2) Any appropriation by the legislature into the special  
2                fund;

3        (3) Any grant or donation made to the special fund; and

4        (4) Any interest earned on the balance of the special  
5                fund.

6        (c) Subject to legislative appropriation, moneys in the  
7 special fund may be expended for the following:

8        (1) The awarding of grants to farmers for agricultural  
9                production or processing activity;

10       (2) The acquisition of real property for agricultural  
11               production or processing activity;

12       (3) The improvement of real property, irrigation systems,  
13               and transportation networks necessary to promote  
14               agricultural production or processing activity;

15       (4) The purchase of equipment necessary for agricultural  
16               production or processing activity;

17       (5) The conduct of research on and testing of agricultural  
18               products and markets;

19       (6) The promotion and marketing of agricultural products  
20               grown or raised in the state; and

21       (7) Any other activity intended to increase agricultural  
22               production or processing that may lead to reduced

1           importation of food, fodder, or feed from outside the  
2           state."

3           SECTION 3. Section 128D-2, Hawaii Revised Statutes, is  
4 amended to read as follows:

5           "**§128D-2 Environmental response revolving fund; uses.** (a)

6 There is created within the state treasury an environmental  
7 response revolving fund, which shall consist of moneys  
8 appropriated to the fund by the legislature, moneys paid to the  
9 fund as a result of departmental compliance proceedings, moneys  
10 paid to the fund pursuant to court-ordered awards or judgments,  
11 moneys paid to the fund in court-approved or out-of-court  
12 settlements, all interest attributable to investment of money  
13 deposited in the fund, moneys [~~generated by~~] deposited in the  
14 fund from the environmental response, energy, and food security  
15 tax [~~established in~~] pursuant to section 243-3.5, and moneys  
16 allotted to the fund from other sources [~~; provided that when the~~  
17 ~~total balance of the fund exceeds \$20,000,000, the department of~~  
18 ~~health shall notify the department of taxation of this fact in~~  
19 ~~writing within ten days. The department of taxation then shall~~  
20 ~~notify all distributors liable for collecting the tax imposed by~~  
21 ~~section 243-3.5 of this fact in writing, and the imposition of~~  
22 ~~the tax shall be discontinued beginning the first day of the~~

1 ~~second month following the month in which notice is given to the~~  
2 ~~department of taxation. If the total balance of the fund~~  
3 ~~thereafter declines to less than \$3,000,000, the department of~~  
4 ~~health shall notify the department of taxation which then shall~~  
5 ~~notify all distributors liable for collecting the tax imposed by~~  
6 ~~section 243-3.5 of this act in writing, and the imposition of~~  
7 ~~the tax shall be reinstated beginning the first day of the~~  
8 ~~second month following the month in which notice is given to the~~  
9 ~~department of taxation].~~

10 (b) Moneys from the fund shall be expended by the  
11 department for response actions and preparedness, including  
12 removal and remedial actions, consistent with this chapter;  
13 provided that the revenues generated by the [~~"environmental~~  
14 ~~response tax" and~~] environmental response, energy, and food  
15 security tax deposited into the environmental response revolving  
16 fund:

17 (1) Shall [~~also~~] be used:

18 (A) For oil spill planning, prevention, preparedness,  
19 education, research, training, removal, and  
20 remediation; and

21 (B) For direct support for county used oil recycling  
22 programs; and

1           ~~[(C) For deposit into the energy security special~~  
2           ~~fund, established under section 201-12.8, as may~~  
3           ~~be appropriated by the legislature; and]~~

4           (2) May also be used to support environmental protection  
5           and natural resource protection programs, including  
6           but not limited to energy conservation and alternative  
7           energy development, and to address concerns related to  
8           air quality, global warming, clean water, polluted  
9           runoff, solid and hazardous waste, drinking water, and  
10           underground storage tanks, including support for the  
11           underground storage tank program of the department and  
12           funding for the acquisition by the State of a soil  
13           remediation site and facility."

14           SECTION 4. Section 243-3.5, Hawaii Revised Statutes, is  
15           amended as follows:

16           1. By amending its title and subsection (a) to read:

17           "**§243-3.5 Environmental response, energy, and food**  
18           **security tax; uses.** (a) In addition to any other taxes  
19           provided by law, subject to the exemptions set forth in section  
20           243-7, there is hereby imposed [~~at times provided in section~~  
21           ~~129D-2]~~ a state environmental response, energy, and food  
22           security tax of [~~5 cents]~~ \$1 on each barrel or fractional part

1 of a barrel of petroleum product sold by a distributor to any  
2 retail dealer or end user, other than a refiner, of petroleum  
3 product; provided that:

4 (1) 5 cents of the tax on each barrel shall be [used  
5 pursuant to section 128D-2 to address concerns  
6 relating to drinking water.] deposited into the  
7 environmental response revolving fund established  
8 under section 128D-2;

9 (2) 2.5 cents of the tax on each barrel shall be deposited  
10 into the energy security special fund established  
11 under section 201-12.8; these funds are to Match  
12 grants from Federal, State and other sources by HNEI,  
13 the Hawaii Natural Energy Institute.

14 (3) 5 cents of the tax on each barrel shall be deposited  
15 into the Economic Development special fund established  
16 under section - ; to be used to match the private  
17 funding for the four county economic boards to  
18 accelerate local energy and food security outreach and  
19 permitting efforts in each county

20 (4) 25 cents of the tax on each barrel shall be deposited  
21 into the energy efficiency development special fund  
22 established under section 304A-2169; these funds will

- 1           be placed in the Public Benefit Fund for use in  
2           efficiency programs
- 3           (5) 22.5 cents of the tax on each barrel shall be  
4           deposited into the Energy Development special fund  
5           established under section 141- ; and used to  
6           accelerate and assist renewable and smart grid  
7           projects complete all environmental permitting work,  
8           community outreach, and site work.
- 9           (6) 20 cents of the tax on each barrel shall be deposited  
10           into the food security special fund established under  
11           section 141- ; and
- 12           (7) 20 cents of the tax on each barrel shall be deposited  
13           into ~~the general fund~~the HSDC State Investment fund  
14           for the purpose of second round and later stage  
15           funding of Hawaii energy companies.

16 The tax imposed by this subsection shall be paid by the  
17 distributor of the petroleum product."

18           2. By amending subsection (c) to read:

19           "(c) Notwithstanding section 248-8 to the contrary, the  
20 environmental response, energy, and food security tax collected  
21 under this section shall be paid over to the director of finance



1 for deposit [~~into the environmental response revolving fund~~  
2 ~~established by section 128D-2.~~] as provided in subsection (a)."

3 PART III

4 SECTION 5. (a) There is established the Hawaii economic  
5 development task force within the department of business,  
6 economic development, and tourism for administrative purposes.  
7 The purpose of the Hawaii economic development task force shall  
8 be to facilitate the accelerated adoption and completion of  
9 renewable energy projects, energy efficiency programs,  
10 agricultural infrastructure and development, and other measures  
11 to meet the purposes of this Act. The Hawaii economic  
12 development task force shall develop and maintain a broad  
13 overview of energy and food security issues that apply an  
14 interdisciplinary approach to ensure that Hawaii's energy and  
15 food policy and program development is integrated within the  
16 overall economic, social, environmental, and cultural aspects of  
17 society. The Hawaii economic development task force shall:

18 (1) Identify and review each state and county agency's  
19 policy objectives, mandates, organizational structure,  
20 and resources to address energy and food security  
21 issues;

- 1 (2) Identify all federal and private funds available to  
2 the State and counties to address energy and food  
3 security issues;
- 4 (3) Identify effective measures for interagency  
5 cooperation, coordinate efforts with the counties, and  
6 bolster public and private sector partnerships to  
7 achieve the objective of energy and food security;
- 8 (4) Identify existing programs and agreements addressing  
9 energy and food security that may be enhanced through  
10 legislation;
- 11 (5) Investigate alternative institutional mechanisms to  
12 promote the efficient execution and implementation of  
13 a multi-year strategy to achieve energy and food  
14 security;
- 15 (6) Investigate the streamlining of administrative  
16 processes to accelerate and achieve energy and food  
17 security;
- 18 (7) Provide an appropriate forum for all affected or  
19 interested parties to address energy and food security  
20 issues;

- 1 (8) Recommend appropriate legislation resulting from its  
2 findings to improve, accelerate, and achieve the  
3 objective of energy and food security;
- 4 (9) Review whether:
- 5 (A) The apportionment of the environmental response,  
6 energy, and food security tax among the funds  
7 listed under section 243-3.5, Hawaii Revised  
8 Statutes, is appropriate;
- 9 (B) The apportionment should be changed; and
- 10 (C) Any additional special, trust, or revolving fund  
11 should receive a share of the tax;
- 12 and
- 13 (10) Perform any other function necessary to effectuate the  
14 purposes of this part.
- 15 (b) The Hawaii economic development task force shall  
16 consist of the following members:
- 17 (1) The director of business, economic development, and  
18 tourism or the director's designee;
- 19 (2) The chairperson of the board of agriculture or the  
20 chairperson's designee;
- 21 (3) The director of the office of planning or the  
22 director's designee;

- 1           (4) The chairperson of the board of land and natural  
2           resources or the chairperson's designee;
- 3           (5) The dean of the University of Hawaii college of  
4           tropical agriculture and human resources or the dean's  
5           designee;
- 6           (6) The speaker of the house of representatives or the  
7           speaker's designee;
- 8           (7) The president of the senate or the president's  
9           designee; and
- 10          (8) A representative from each county economic development  
11          board.
- 12          (c) The Hawaii economic development task force's members  
13 shall serve without compensation but shall be reimbursed for  
14 expenses, including travel expenses, necessary for the  
15 performance of their duties.
- 16          (d) In the performance of its duties, the Hawaii economic  
17 development task force shall consult with appropriate private,  
18 nonprofit, community, and government stakeholders.
- 19          (e) The department of business, economic development, and  
20 tourism may contract with the University of Hawaii for any  
21 services to support the work of the Hawaii economic development  
22 task force.

1 (f) The Hawaii economic development task force shall  
2 submit a report of its findings and recommendations, including  
3 any proposed legislation, to the legislature no later than  
4 twenty days prior to the convening of the regular session of  
5 2010.

6 The task force also shall submit a follow-up report to the  
7 legislature no later than twenty days prior to the convening of  
8 the regular session of 2011. The report shall include a  
9 description of the activities funded by the environmental  
10 response, energy, and food security tax, progress made toward  
11 energy and food self-sufficiency, and additional action  
12 necessary to achieve energy and food self-sufficiency.

13 (g) The Hawaii economic development task force shall cease  
14 to exist on June 30, 2011.

15 SECTION 6. There is appropriated out of the [~~general~~  
16 ~~revenues of the State of Hawaii~~] Environmental response, energy,  
17 and food security tax fund the sum of \$2,500,000 or so much  
18 thereof as may be necessary for fiscal year 2009-2010 and the  
19 same sum or so much thereof as may be necessary for fiscal year  
20 2010-2011 for the purpose of supporting the work of the Hawaii  
21 economic development task force. The appropriation shall be

1 made from the portion of the environmental response, energy, and  
2 food security tax that is deposited into the general fund.

3 The sum appropriated shall be expended by the department of  
4 business, economic development, and tourism for the purposes of  
5 this part.

6 ~~{PART IV~~

7 ~~SECTION 7. (a) From July 1, 2009, to June 30, 2012,~~  
8 ~~section 486J-10, Hawaii Revised Statutes, and title 15, chapter~~  
9 ~~35, Hawaii administrative rules, shall be suspended. During the~~  
10 ~~suspension period, the section and administrative rules shall~~  
11 ~~not have any force or effect; except that:~~

12 ~~(1) The reporting requirement of a distributor under~~  
13 ~~section 486J-10, Hawaii Revised Statutes, and sections~~  
14 ~~15-35-7 or 15-35-8, Hawaii Administrative Rules, for~~  
15 ~~the month of June 2009 or quarter ending June 30,~~  
16 ~~2009, shall continue to apply after June 30, 2009.~~  
17 ~~The distributor shall be required to file the monthly~~  
18 ~~certified statement or quarterly report with the~~  
19 ~~director of business, economic development, and~~  
20 ~~tourism by July 31, 2009, or September 30, 2009, as~~  
21 ~~applicable;~~

1 ~~(2) The provisions with respect to confidentiality of~~  
2 ~~information set forth under section 486J-10(f), Hawaii~~  
3 ~~Revised Statutes, shall continue to apply during the~~  
4 ~~suspension period;~~

5 ~~(3) The penalties of section 486J-10(g), Hawaii Revised~~  
6 ~~Statutes, and sections 15-35-7(d) and 15-35-8(d),~~  
7 ~~Hawaii administrative rules, shall continue to apply,~~  
8 ~~as applicable, to a violation that occurred before~~  
9 ~~July 1, 2009, or the failure to file the monthly~~  
10 ~~certified statement for June 2009 or the quarter~~  
11 ~~ending June 30, 2009, as applicable; and~~

12 ~~(4) Section 9 of this Act shall apply to this part.~~

13 ~~(b) On July 1, 2012, section 486J-10, Hawaii Revised~~  
14 ~~Statutes, and title 15, chapter 35, Hawaii administrative rules,~~  
15 ~~shall again become operational and have the full force and~~  
16 ~~effect of law without necessity of re-enactment or re-adoption.~~

17 ~~SECTION 8. (a) The governor shall submit a petition to~~  
18 ~~the United States Environmental Protection Agency seeking a~~  
19 ~~waiver from the ethanol blending obligations under the United~~  
20 ~~States Energy Security Act for the thirty-six month suspension~~  
21 ~~period under section 7. Under the petition, the governor shall~~  
22 ~~demonstrate that compliance with the federal renewable fuels~~

1 ~~standard would severely harm the economy of the State and that~~  
2 ~~there is an inadequate supply of renewable fuel produced in the~~  
3 ~~State.~~

4 ~~—— (b) If the waiver is not granted by the United States~~  
5 ~~Environmental Protection Agency, the ethanol content suspension~~  
6 ~~of section 7 shall nevertheless apply. A refiner in the state~~  
7 ~~that is not exempt from the renewable fuel standards regulations~~  
8 ~~may fulfill its volumetric reporting requirement through~~  
9 ~~increased blending of renewable fuels in nationally-based~~  
10 ~~facilities or trading of credits.]~~

11 PART [V] IV

12 SECTION 9. This Act does not affect rights and duties that  
13 matured, penalties that were incurred, and proceedings that were  
14 begun, before its effective date.

15 SECTION 10. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 11. This Act shall take effect on July 1, 2009  
18 [~~2020~~].





The Nature Conservancy  
Hawai'i Program  
923 Nu'uuanu Avenue  
Honolulu, HI 96817

tel (808) 537-4508  
fax (808) 545-2019  
www.nature.org/hawaii

Testimony of The Nature Conservancy of Hawai'i  
(Mark Fox, Director of External Affairs)  
Supporting with Amendments H.B. 1271 HD3 Relating to Government  
Senate Committees on Water, Land, Agriculture & Hawaiian Affairs,  
Energy & Environment, and Economic Development & Technology  
Tuesday, March 24, 2009, 2:45PM, Rm. 225

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*The Nature Conservancy of Hawai'i is a private non-profit conservation organization dedicated to the preservation of Hawaii's native plants, animals, and ecosystems. The Conservancy has helped to protect nearly 200,000 acres of natural lands for native species in Hawai'i. Today, we actively manage more than 32,000 acres in 11 nature preserves on O'ahu, Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i. We also work closely with government agencies, private parties and communities on cooperative land and marine management projects.*

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The Nature Conservancy **supports, with the attached amendments**, H.B. 1271 HD3, particularly the imposition of a reasonable tax increase on imported petroleum as a smart way to support Hawaii's energy security goals, incentivize innovation and change, get off our addiction to polluting fossil fuels, and help us cope with the inevitable effects of climate change.

**We strongly recommend the Committee amend the bill (see attached) to require that a reasonable portion of the barrel fee revenue be used to plan for and help natural systems and communities cope with the inevitable challenges brought on by climate change caused by CO2 emissions from burning fossil fuels.** We do agree that the majority of the revenue from the barrel fee should be used to support our transition to clean energy and CO2 emission reduction.

Climate change is an imminent and unprecedented threat to both natural systems (e.g., forests, coastlines, coral reefs, wetlands) and to every person in Hawai'i that—whether they know it or not—depends on services from the natural environment for their livelihoods, health and welfare. Scientists have examined the evidence and rapid climate change is real; it is clearly caused by human activity; it is already a problem for habitat for plants and animals; and, if sources of CO2 are not dramatically reduced, climate change could well have catastrophic results for people and their relationship with the natural environment.

Even if we drastically reduce CO2 emissions now, we will still feel the effects of climate change. In Hawai'i, science is indicating that this may include:

- More frequent and more severe storms;
- Overall, less rainfall and therefore less fresh water;
- Higher temperatures that may affect the health of forested watersheds;
- Climatic conditions even more conducive to invasive plants, insects and diseases;
- Sea level rise and high wave events that will harm coastal areas and cause seawater infiltration into groundwater systems; and
- Ocean acidification that will inhibit the growth of coral reefs.

In addition, to achieving energy security through vastly greater energy efficiency, technology and renewable energy development, we must plan and implement mitigative and adaptive measures to ensure the resilience of our natural and human systems.

**Proposed amendments attached.**

BOARD OF TRUSTEES

S. Haunani Apoliona Peter D. Baldwin Christopher J. Benjamin Zadoc W. Brown, Jr. Carl A. Carlson, Jr. David C. Cole  
Samuel A. Cooke Peter H. Ehrman Kenton T. Eldridge Guy Fujimura J. Stephen Goodfellow Thomas Gottlieb James J.C. Haynes  
Ron Higgins Peter Ho Stanley Hong J. Douglas Ing Mark L. Johnson Dr. Kenneth Kaneshiro Bert A. Kobayashi, Jr.  
Faye Watanabe Kurren Duncan MacNaughton Bonnie McCloskey Bill D. Mills Wayne Minami Michael T. Pfeffer H. Monty  
Richards Jean E. Rolles Scott Rolles James Romig Crystal Rose Eric Yeaman

[Proposed amendments from The Nature Conservancy highlighted]

**Report Title:**

Food and Energy Security and Natural Resource Protection Program Establishment; Ethanol Content Repeal

**Description:**

Establishes the Hawaii economic development and natural resource protection task force to address Hawaii's energy and food security and natural resource protection needs. Increases the tax collected on each barrel of petroleum product sold by a distributor. Allocates portions of the taxes collected to various funds, including the general fund. Suspends for 36 months the requirement that gasoline sold in the State for use in motor vehicles contain 10% ethanol by volume. (HB1271 HD3)

HOUSE OF REPRESENTATIVES  
TWENTY-FIFTH LEGISLATURE, 2009  
STATE OF HAWAII

**H.B. NO.** 1271  
S.D. 1

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# A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

PART I

SECTION 1. The purpose of this Act is to:

- (1) Promote economic development for local food and energy businesses by establishing necessary funding, guidance, and infrastructure;
- (2) Ensure Hawaii is energy and food self-sufficient and sustainable to the maximum extent feasible;
- (3) Plan for and implement measures to protect Hawaii's natural resources and to ensure their resilience and ongoing ability to deliver services such as fresh

water, sediment control, shoreline protection, and food in the face of the inevitable challenges brought on by climate change caused by CO2 and other emissions from burning fossil fuels; and

(4) Raise general funds during fiscally challenging times.

Hawaii is at a crossroads. As the most geographically isolated state in the country, we are dangerously dependent on imports for basic food and energy needs. We import about eighty-five per cent of our food and ninety-five per cent of our energy. It has been estimated that Hawaii exported \$8.6 billion for food and oil in 2008, and every dollar exported is a lost opportunity to support and invest in local business. Our dependence on imports also exposes residents and businesses to volatile food and energy costs as oil prices fluctuate.

In addition, the mass consumption of fossil fuels, driven by our dependence on food and energy imports, contributes to global climate change, warming and the deterioration of the environment, and anticipated conditions such as more severe storm events, overall less rainfall, warmer temperatures that may favor invasive species, sea level rise, and ocean acidification that hampers coral growth. These climate changes will likely impose imposing potentially major but not fully understood unknown costs and other impacts on Hawaii's people and the natural capital we depend upon to support our lives in

the middle of the Pacific. Nowhere is it more obvious than in remote islands like Hawaii that our lives and economy are intertwined with the health and function of the natural world around us.

Although Hawaii is home to renewable energy resources like solar, wind, ocean, and geothermal, we as a community have not taken advantage of alternative energy and energy efficiency solutions to make our State more energy independent. As an example, despite year-round sunshine, only thirty per cent of Hawaii's residents have solar water heaters.

Similarly, many acres of highly productive agricultural lands are not being farmed. Currently, Hawaii has a fresh supply of produce for no more than ten days. Ninety per cent of the beef, sixty-seven per cent of fresh vegetables, and sixty-five per cent of fresh fruits, and seventy per cent of milk consumed in this state are imported. While Hawaii may never produce one hundred per cent of its food, the risks and costs to society cannot be ignored.

Like energy, producing local food would reduce Hawaii's demand for fossil fuels, keep money in our community, and decrease the vulnerability to food supply disruptions caused by natural disasters or worldwide economic events.

Now is the time for bold action to squarely address Hawaii's energy and food requirements, and plan for and address

the inevitable effects of climate change. It will require long-term commitment, dedication, and investment by government, the private sector, and Hawaii's people to dramatically shift the course of direction toward a more energy independent and agriculturally sustainable society. As a State and as a people, we must decide whether we will continue to be dependent on external sources for our basic needs, or whether we will build, invest in, and develop the capacity to become food and energy independent, as well as ensure the resiliency of our communities and natural environment to the inevitable impacts of climate change.

The legislature finds that it is in the best interests of Hawaii's people to build the capacity we need to become energy and food self-sufficient, and protect the health and function of our environment. As discussed in the Sustain 2050 Report and Hawaii Clean Energy Initiative, Hawaii has all the necessary assets to significantly improve sustainability and independence over the next twenty years if appropriate personnel resources and sustainable funding are used wisely. To succeed, the State must ensure that our long-term strategy is well-resourced, coordinated, and focused.

This Act creates a Hawaii economic development and natural resource protection task force to accelerate and support public and private efforts to make Hawaii energy and food self-

sufficient and ensure the resiliency and function of our natural environment, consistent with the Sustain 2050 task force, the Hawaii Clean Energy Initiative, and other government and community planning efforts. The Hawaii economic development and natural resource protection task force shall set priorities for government agencies, determine how funds shall be allocated, develop an overall road map to achieve the purpose of this Act, and identify the economic development, workforce, ~~and consumer~~ public education, and natural resource management issues relating to the production of food, ~~and~~ energy, water, and the protection and resiliency of our natural environment.

The legislature intends that the Hawaii economic development and natural resource protection task force take an interdisciplinary approach to seek the most efficient and effective pathways for interagency coordination. The Hawaii economic development and natural resource protection task force shall work collaboratively with all levels of government and the private and nonprofit sectors to address water, land, regulatory, and natural resource issues intertwined with food and fuel production and the health and resilience of the environment. Such an approach ensures that energy, ~~and~~ food, water, and natural resource policy development is integrated within the overall economic, social, environmental, and cultural aspects of society. With an understanding of these overlapping

goals and resources, our State can maximize the opportunities to ensure food and energy security and a healthy and productive environment for generations to come.

The legislature finds that undertaking this important task of energy and food security and natural resource protection requires substantial financial resources. An investment and long-term commitment by the State must be made. To that end, this Act also increases the per-barrel tax on petroleum products under the environmental response and protection, energy, and food security tax, formerly known as the environmental response tax.

The legislature also recognizes that the businesses and people of this State would be adversely impacted by the pass-on of the increased barrel tax. In these tough economic times, the legislature chooses to implement a measure that is intended to reduce the price of gasoline at the pump while increasing tax revenue.

To accomplish this, this Act suspends the requirement that gasoline sold in this state for use in motor vehicles shall contain ten per cent ethanol by volume. At present, the cost of a barrel of oil is much less than the cost of a barrel of ethanol. Thus, the repeal of the ethanol content requirement is intended to result in the replacement of more expensive ethanol with less expensive oil in the refining process that produces a

gallon of gasoline. The suspension applies for thirty-six months. Before the expiration of this suspension, the legislature intends that the prices of ethanol and oil be re-examined to determine if the suspension should be discontinued, extended, or allowed to expire.

The legislature has not included in this Act a requirement that refiners, jobbers, and dealers pass-on any savings to the consumer. The legislature is confident that market forces and competition will suffice to lower the price of gasoline to offset the additional barrel tax imposed by part II.

#### PART II

SECTION 2. Chapter 141, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§141- Food security special fund; establishment. (a)**

There is established within the state treasury the food security special fund.

(b) The following shall be deposited into the special fund:

(1) The portion of the environmental response and protection, energy, and food security tax specified under section 243-3.5;

(2) Any appropriation by the legislature into the special fund;



- (3) Any grant or donation made to the special fund; and
- (4) Any interest earned on the balance of the special fund.

(c) Subject to legislative appropriation, moneys in the special fund may be expended for the following:

- (1) The awarding of grants to farmers for agricultural production or processing activity;
- (2) The acquisition of real property for agricultural production or processing activity;
- (3) The improvement of real property, irrigation systems, and transportation networks necessary to promote agricultural production or processing activity;
- (4) The purchase of equipment necessary for agricultural production or processing activity;
- (5) The conduct of research on and testing of agricultural products and markets;
- (6) The promotion and marketing of agricultural products grown or raised in the state; and
- (7) Any other activity intended to increase agricultural production or processing that may lead to reduced importation of food, fodder, or feed from outside the state."

SECTION 3. Chapter 195D, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§195D- Climate change resilience and adaptation special fund; establishment.** (a) There is established within the state treasury the climate change resilience and adaptation special fund.

(b) The following shall be deposited into the special fund:

- (1) The portion of the environmental response and protection, energy and food security tax specified under section 243-3.5;
- (2) Any appropriation by the legislature into the special fund;
- (3) Any grant or donation made to the special fund; and
- (4) Any interest earned on the balance of the special fund.

(c) Subject to legislative appropriation, moneys in the special fund may be expended to promote the resilience and adaptation of indigenous plants, animals, aquatic life, and their associated ecosystems to ensure their ongoing health, function and ability to deliver public services such as fresh water, sediment control, shoreline protection, and food in the

face of the effects of global climate change, including but not limited to the following:

- (1) The awarding of grants to governmental and non-governmental entities and individuals;
- (2) The acquisition of real property;
- (3) The protection and management of watersheds, coastal resources, and fresh water and marine ecosystems;
- (4) The purchase of necessary equipment;
- (5) The conduct of necessary research and planning; and
- (6) Any other activity intended to preserve the function and health of natural systems to adapt and be resilient to the effects of climate change.

(d) The department shall manage the special fund, including any expenditures from the fund, in consultation with the division of forestry and wildlife, the division of aquatic resources, the natural area reserve system commission, the forest stewardship commission, and the University of Hawaii Center for Island Climate Adaptation and Policy."

SECTION 3 4. Section 128D-2, Hawaii Revised Statutes, is amended to read as follows:

**"§128D-2 Environmental response revolving fund; uses.**

(a) There is created within the state treasury an environmental response revolving fund, which shall consist of moneys appropriated to the fund by the legislature, moneys paid to the

fund as a result of departmental compliance proceedings, moneys paid to the fund pursuant to court-ordered awards or judgments, moneys paid to the fund in court-approved or out-of-court settlements, all interest attributable to investment of money deposited in the fund, moneys ~~[generated by]~~ deposited in the fund from the environmental response and protection, energy, and food security tax ~~[established in]~~ pursuant to section 243-3.5, and moneys allotted to the fund from other sources ~~[; provided that when the total balance of the fund exceeds \$20,000,000, the department of health shall notify the department of taxation of this fact in writing within ten days. The department of taxation then shall notify all distributors liable for collecting the tax imposed by section 243-3.5 of this fact in writing, and the imposition of the tax shall be discontinued beginning the first day of the second month following the month in which notice is given to the department of taxation. If the total balance of the fund thereafter declines to less than \$3,000,000, the department of health shall notify the department of taxation which then shall notify all distributors liable for collecting the tax imposed by section 243-3.5 of this fact in writing, and the imposition of the tax shall be reinstated beginning the first day of the second month following the month in which notice is given to the department of taxation].~~

(b) Moneys from the fund shall be expended by the department for response actions and preparedness, including removal and remedial actions, consistent with this chapter; provided that the revenues generated by the [~~"environmental response tax" and~~] environmental response and protection, energy, and food security tax deposited into the environmental response revolving fund:

(1) Shall [~~also~~] be used:

(A) For oil spill planning, prevention, preparedness, education, research, training, removal, and remediation; and

(B) For direct support for county used oil recycling programs; and

~~[(C) For deposit into the energy security special fund, established under section 201-12.8, as may be appropriated by the legislature; and]~~

(2) ~~May~~ Shall also be used to support environmental protection and natural resource protection programs, including but not limited to energy conservation and alternative energy development, and to address concerns related to air quality, ~~global warming~~ climate change, watershed protection and management, coastal and marine protection and management, clean water, polluted runoff, solid and hazardous waste,

drinking water, and underground storage tanks, including support for the underground storage tank program of the department and funding for the acquisition by the State of a soil remediation site and facility."

SECTION 4 5. Section 243-3.5, Hawaii Revised Statutes, is amended as follows:

1. By amending its title and subsection (a) to read:

"§243-3.5 Environmental response and protection, energy, and food security tax; uses. (a) In addition to any other taxes provided by law, subject to the exemptions set forth in section 243-7, there is hereby imposed [~~at times provided in section 128D-2~~] a state environmental response and protection, energy, and food security tax of [~~5 cents~~] \$      on each barrel or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user, other than a refiner, of petroleum product; provided that:

(1)      cents of the tax on each barrel shall be [~~used pursuant to section 128D-2 to address concerns relating to drinking water.~~] deposited into the environmental response revolving fund established under section 128D-2;

- (2)       cents of the tax on each barrel shall be deposited  
into the energy security special fund established  
under section 201-12.8;
- (3)       cents of the tax on each barrel shall be deposited  
into the energy systems development special fund  
established under section 304A-2169;
- (4)       cents of the tax on each barrel shall be deposited  
into the food security special fund established under  
section 141- ; and
- (5)       cents of the tax on each barrel shall be deposited  
into the climate change resilience and adaptation special  
fund established under section 195D- ; and
- (6)       cents of the tax on each barrel shall be deposited  
into the general fund.

The tax imposed by this subsection shall be paid by the distributor of the petroleum product."

2. By amending subsection (c) to read:

"(c) Notwithstanding section 248-8 to the contrary, the environmental response and protection, energy, and food security tax collected under this section shall be paid over to the director of finance for deposit [~~into the environmental response revolving fund established by section 128D-2.~~] as provided in subsection (a)."

SECTION 5 6. (a) There is established the Hawaii economic development and natural resource protection task force within the department of business, economic development, and tourism for administrative purposes. The purpose of the Hawaii economic development and natural resource protection task force shall be to facilitate the accelerated adoption and completion of renewable energy projects, energy efficiency programs, agricultural infrastructure and development, natural resource protection initiatives, and other measures to meet the purposes of this Act. The Hawaii economic development and natural resource protection task force shall develop and maintain a broad overview of energy and food security and natural resources issues that apply an interdisciplinary approach to ensure that Hawaii's energy, ~~and food,~~ water, and natural resource policy and program development is integrated within the overall economic, social, environmental, and cultural aspects of society. The Hawaii economic development and natural resource protection task force shall:

- (1) Identify and review each state and county agency's policy objectives, mandates, organizational structure, and resources to address energy and food security and natural resource protection issues;



- (2) Identify all federal and private funds available to the State and counties to address energy and food security and natural resource protection issues;
- (3) Identify effective measures for interagency cooperation, coordinate efforts with the counties, and bolster public and private sector partnerships to achieve the objective of energy and food security and natural resource protection;
- (4) Identify existing programs and agreements addressing energy and food security and natural resource protection that may be enhanced through legislation;
- (5) Investigate alternative institutional mechanisms to promote the efficient execution and implementation of a multi-year strategy to achieve energy and food security and natural resource protection;
- (6) Investigate the streamlining of administrative processes to accelerate and achieve energy and food security and natural resource protection;
- (7) Provide an appropriate forum for all affected or interested parties to address energy and food security and natural resource protection issues;
- (8) Recommend appropriate legislation resulting from its findings to improve, accelerate, and achieve the

objective of energy and food security and natural resource protection;

(9) Review whether:

(A) The apportionment of the environmental response and protection, energy, and food security tax among the funds listed under section 243-3.5, Hawaii Revised Statutes, is appropriate;

(B) The apportionment should be changed; and

(C) Any additional special, trust, or revolving fund should receive a share of the tax;

and

(10) Perform any other function necessary to effectuate the purposes of this part.

(b) The Hawaii economic development and natural resource protection task force shall consist of the following members:

(1) The director of business, economic development, and tourism or the director's designee;

(2) The chairperson of the board of agriculture or the chairperson's designee;

(3) The director of the office of planning or the director's designee;

(4) The chairperson of the board of land and natural resources or the chairperson's designee;

(5) The dean of the University of Hawaii college of tropical agriculture and human resources or the dean's designee;

(6) The dean of the University of Hawaii school of ocean and earth science and technology or the dean's designee;

(67) The speaker of the house of representatives or the speaker's designee;

(78) The president of the senate or the president's designee; ~~and~~

(89) A representative from each county economic development board; ~~and~~

(10) Two representatives from environmental organizations appointed by the speaker of the house of representatives and the president of the senate.

(c) The Hawaii economic development and natural resource protection task force's members shall serve without compensation but shall be reimbursed for expenses, including travel expenses, necessary for the performance of their duties.

(d) In the performance of its duties, the Hawaii economic development and natural resource protection task force shall consult with appropriate private, nonprofit, community, and government stakeholders.

(e) The department of business, economic development, and tourism may contract with the University of Hawaii for any services to support the work of the Hawaii economic development and natural resource protection task force.

(f) The Hawaii economic development and natural resource protection task force shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2010.

The task force also shall submit a follow-up report to the legislature no later than twenty days prior to the convening of the regular session of 2011. The report shall include a description of the activities funded by the environmental response and protection, energy, and food security tax, progress made toward energy and food self-sufficiency and natural resource protection, and additional action necessary to achieve energy and food self-sufficiency and natural resource protection.

(g) The Hawaii economic development and natural resource protection task force shall cease to exist on June 30, 2011.

SECTION ~~6~~ 7. There is appropriated out of the general revenues of the State of Hawaii the sum of \$                      or so much thereof as may be necessary for fiscal year 2009-2010 and the same sum or so much thereof as may be necessary for fiscal year

2010-2011 for the purpose of supporting the work of the Hawaii economic development and natural resource protection task force. The appropriation shall be made from the portion of the environmental response and protection, energy, and food security tax that is deposited into the general fund.

The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this part.

#### PART IV

SECTION ~~7~~ 8. (a) From July 1, 2009, to June 30, 2012, section 486J-10, Hawaii Revised Statutes, and title 15, chapter 35, Hawaii administrative rules, shall be suspended. During the suspension period, the section and administrative rules shall not have any force or effect; except that:

- (1) The reporting requirement of a distributor under section 486J-10, Hawaii Revised Statutes, and sections 15-35-7 or 15-35-8, Hawaii Administrative Rules, for the month of June 2009 or quarter ending June 30, 2009, shall continue to apply after June 30, 2009. The distributor shall be required to file the monthly certified statement or quarterly report with the director of business, economic development, and tourism by July 31, 2009, or September 30, 2009, as applicable;

(2) The provisions with respect to confidentiality of information set forth under section 486J-10(f), Hawaii Revised Statutes, shall continue to apply during the suspension period;

(3) The penalties of section 486J-10(g), Hawaii Revised Statutes, and sections 15-35-7(d) and 15-35-8(d), Hawaii administrative rules, shall continue to apply, as applicable, to a violation that occurred before July 1, 2009, or the failure to file the monthly certified statement for June 2009 or the quarter ending June 30, 2009, as applicable; and

(4) Section 9 of this Act shall apply to this part.

(b) On July 1, 2012, section 486J-10, Hawaii Revised Statutes, and title 15, chapter 35, Hawaii administrative rules, shall again become operational and have the full force and effect of law without necessity of re-enactment or re-adoption.

SECTION ~~8~~ 9. (a) The governor shall submit a petition to the United States Environmental Protection Agency seeking a waiver from the ethanol blending obligations under the United States Energy Security Act for the thirty-six-month suspension period under section 7. Under the petition, the governor shall demonstrate that compliance with the federal renewable fuels standard would severely harm the economy of the State and that

there is an inadequate supply of renewable fuel produced in the State.

(b) If the waiver is not granted by the United States Environmental Protection Agency, the ethanol content suspension of section 7 shall nevertheless apply. A refiner in the state that is not exempt from the renewable fuel standards regulations may fulfill its volumetric reporting requirement through increased blending of renewable fuels in nationally-based facilities or trading of credits.

#### PART V

SECTION ~~9~~ 10. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun, before its effective date.

SECTION ~~10~~ 11. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION ~~11~~ 12. This Act shall take effect on July 1, 2020.

# HAWAII RENEWABLE ENERGY ALLIANCE

46-040 Konane Place #3816, Kaneohe, HI 96744 – Telephone/FAX: 247-7753 – Email: wsb@lava.net

## Officers

President  
Warren S. Bollmeier II

Vice-President  
John Crouch

Secretary/Treasurer  
Cully Judd

## Directors

Warren S. Bollmeier II  
WSB-Hawaii

Cully Judd  
Inter Island Solar Supply

John Crouch  
Sunpower Corporation

Herbert M. (Monty)  
Richards  
Kahua Ranch Ltd.

## TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE HOUSE COMMITTEES ON WATER, LAND, AGRICULTURE AND HAWAII AFFAIRS, ENERGY AND ENVIRONMENT, AND ECONOMIC DEVELOPMENT AND TECHNOLOGY

### HB 1271 HD3, RELATING TO GOVERNMENT

March 23, 2009

Chairs Hee, Gabbard and Fukunaga and Vice-Chairs Tokuda, English and Baker 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 ("Commission") and the electric utilities to encourage increased use of renewables in Hawaii.

The purposes of HB 1271 HD3 are to: (i) establish the Hawaii economic development task force to address Hawaii's energy and food security needs. Increases the tax collected on each barrel of petroleum product sold by a distributor; (ii) allocate portions of the taxes collected to various funds, including the general fund, and (iii) suspend for 36 months the requirement that gasoline sold in the State for use in motor vehicles contain 10% ethanol by volume.

HREA **supports** the **intent** of this bill and offers the following comments:

1. Overall Comments. Understands a new fund is to be created and administered within DBEDT to increase our food and energy security.
2. Specific Comments. HREA suggests the following to clarify the intent of the bill and its implementation:
  - o Objectives. Require the task force to:
    - a. establish a "preferred food and energy future," including milestones, budget and a timeline:
    - b. establish a set of metrics for quantification and monitoring progress of "a," and
    - c. identify and define a list of studies and/or analyses, including required funding, to be conducted to support "a."
  - o Task Force Composition. Add an appropriate number of energy and agricultural industry members to the task force,
  - o Reporting and Adaptive Management. As part of an annual report to the legislature, require the task force to recommend "adaptive" modifications to the funding mechanism and supplemental mechanisms as appropriate.
  - o Ethanol Mandate. The above said, HREA believes it is a really **BAD** idea to suspend the ethanol mandate. Specifically, it sends an entirely **WRONG** message to the market, and we suspect it will be very **DISRUPTIVE** to the gasoline refineries.

Thank you for this opportunity to testify.



TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF WSB-HAWAII BEFORE THE  
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

HB 1144 HD1, RELATING TO CONSERVATION OF THREATENED AND ENDANGERED  
SPECIES

March 24, 2009

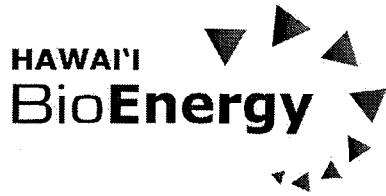
Chair Gabbard, Vice-Chair English and members of the Committee, I am Warren Bollmeier, testifying on behalf of WSB-Hawaii, an independent consultancy in renewable energy in Hawaii. WSB-Hawaii has assisted a number of windfarm developers on projects such as the Hawi Renewable Development windfarm on the Big Island and the Kaheawa Pastures windfarm on Maui. In the case of the latter, WSB-Hawaii prepared the Environmental Impact Statement (“EIS”) for the original developer Zond Systems, Tehachapi, California.

The purpose of HB 1144 HD1 is to authorize the development and use of programmatic safe harbor agreements and programmatic habitat conservation plans that cover multiple landowners or a class of landowners or extend over a wide area or region

WSB-Hawaii **supports** this bill for the following reasons:

- (1) Protection of Endangered Species. WSB-Hawaii worked closely with the Department of Forestry and Wildlife (“DOFAW”) Division of DLNR on the Kaheawa project to evaluate the risks and prepare mitigative measures to protect endangered species such as the Nene, Newell’s Shearwater and the Dark-rumped Petrel. At that time I realized the potential for DLNR to become more directly involved in working with developers, especially with Habitat Conservation Plans. However, DLNR did not have the resources then, and I am now encouraged that additional resources maybe provided in the future;
- (2) When Multiple Projects are Contiguous. One specific benefit I see in the bill would be when one or more projects are contiguous. In this case, a programmatic HCP could be justified, as opposed to each developer preparing their own HCP. This would benefit the developers, and the state, as DLNR could address preservation strategies on a broader scale. The developers would likely save development costs, which could be passed on to the utility and the consumer by way of lower power purchase rates; and
- (3) HCEI Renewable Development Zones. It would also appear that the bill would support the HCEI goal of establishing renewable development zones. Specifically, programmatic HCPs conducted in designated zones, regardless of land ownership and zoning designations, would help prepare the renewable development zones for development with the same types of benefits as noted above.

Thank for this opportunity to testify.



HB 1271 HD3

RELATING TO GOVERNMENT

JOEL K. MATSUNAGA  
CHIEF OPERATING OFFICER & EXECUTIVE VP  
HAWAI'I BIOENERGY

MARCH 24, 2009

Chair Hee and Members of the Senate Water, Land Agriculture, and Hawaiian Affairs Committee; Chair Gabbard and Members of the Senate Energy and Environment Committee; Chair Fukunaga and Members of the Senate Economic Development and Technology Committee:

I am Joel Matsunaga, testifying on behalf of Hawai'i BioEnergy on HB 1271 HD3, "Relating to Government."

**SUMMARY**

HB 1271 HD3 would suspend for 36 months the requirement that gasoline sold in the State for use in motor vehicles contain 10% ethanol. Hawai'i BioEnergy ("HBE") opposes this measure as it would discourage pending ethanol production investments in the State, delay investments in needed E10 infrastructure, send mixed messages to consumers, and undermine the State's ability to achieve its near term renewable fuels goals under the State Clean Energy Initiative and the Federal RFS.

**E10 SUSPENSION WOULD UNDERMINE INVESTMENT, MARKET DEVELOPMENT,  
AND THE STATE'S RENEWABLE ENERGY GOALS**

Hawai'i BioEnergy is a local company with a mission to help Hawai'i toward a sustainable energy future through the production of biofuels from locally grown feedstocks. Among its partners are three of the larger land owners in Hawai'i who

control in total over 430,000 acres of land. HBE and its partners would like to use significant portions of their land to address Hawai'i's energy needs. Since its inception in 2006, HBE has been researching various biofuels alternatives to clearly evaluate each biofuel's relative suitability and sustainability based on Hawai'i's natural resource base, climate, market and infrastructure.

Among other biofuels and bioenergy projects, HBE is currently considering plans to develop locally produced ethanol from sugar cane, sweet sorghum, or other bio-based crops which would help contribute to a more secure and sustainable energy future for Hawai'i. The Company has expended a considerable amount of its investors' funds to date to conduct the research and development to be able to move projects forward as quickly as possible to help meet Hawai'i's urgent energy and economic development needs. The production of ethanol in Hawai'i will provide its residents with better energy security, create a significant number of jobs, reduce the burning of fossil fuels, and retain dollars in the State's economy rather than sending them overseas. Based on an independent analysis commissioned by HBE, a large-scale ethanol facility could provide up to 1,400 new jobs and over \$115 million in added value in the State. These benefits could be jeopardized if the E10 requirement is suspended.

As part of the Company's mission to develop advanced and sustainable, renewable energy for the State of Hawai'i, HBE is also working in partnership with a variety of leading technology developers attracted to Hawai'i for its rich resource base, potential to deploy advanced ethanol technologies, and commitment to renewable energy. Hawai'i is well positioned to become an incubator for the pilot and demonstration of these advanced technologies, but the suspension of the E10

requirement would limit Hawaii's attractiveness to renewable energy developers and Hawaii's potential for becoming a leader in renewable energy innovation in the near term.

In addition to jeopardizing ethanol-related investments, the suspension of the E10 requirement would undermine the development of the renewable fuels market and Hawaii's broader renewable energy goals. In 2004, administrative rules were developed by the State to implement ten percent ethanol blending for at least 85% of Hawaii's gasoline. These rules became law and were put into force in April 2006. In June, 2007, in a demonstration of its strong commitment to renewable energy integration, the State petitioned the United States Environmental Protection Agency to opt-in to the Renewable Fuels Standard Program, which was established May first of that year. At that time, the State conveyed that renewable fuel is consistent with Hawaii's energy policy, laws, and regulations, and underscored the potential for local renewable fuel production in Hawaii.

Since its implementation, Hawaii's E10 requirement has helped to develop the local ethanol market through increased consumption and consumer awareness as well as the infrastructure necessary for blending, distribution, and uptake. The investments that have been made over the last two years by the State and various stakeholders have helped create the necessary foundation to attract investment in the sector and foster consumption. Further, the incorporation of ethanol into the Hawaiian market has facilitated RFS obligated parties to meet their requirements locally. However, suspension of the E10 requirement would likely halt additional investments in related infrastructure and force RFS obligated parties to fulfill their volumetric reporting

requirements through increased blending in other nationally-based facilities or through the trading of RIN credits. Not only would this undermine the expressed intent of the 2007 Federal RFS opt-in, but it would effectively export the potential environmental, energy security, and economic development gains from increased local ethanol use to the mainland.

### **CONCLUSION**

HBE continues to evaluate the feasibility of ethanol projects that would help to secure Hawai'i's energy future. Based on analysis to date, it is clear that these projects would benefit Hawai'i residents through:

- Greater energy security from the displacement of fuel imports;
- A cleaner environment from the expansion of sustainable agriculture, the sequestration of CO<sub>2</sub> and harmful green house gas emissions, and reduction of fossil fuel consumption;
- A stronger economy through local job creation and investment in the local economy.

However, the suspension of the E10 requirement will jeopardize those benefits by either significantly delaying or terminating projects under consideration and exporting benefits of RFS commitments to the mainland.

Based on the above, Hawai'i BioEnergy respectfully requests your support in opposing the suspension of the E10 requirement. However, should the legislation deem suspension of the credit absolutely necessary given the current budget deficit, HBE

strongly supports the automatic reinstatement of the provision after the 36 month time period.

Thank you for the opportunity to testify.

**PACIFIC WEST ENERGY LLC**  
**1212 NUUANU #1704**  
**HONOLULU, HI 96817**  
**Tel. 808-927-0619**

March 22, 2009

Senator Clayton Hee, Chair  
Senator Jill N. Tokuda, Vice Chair  
And Members of the Committee on Water, Land, Agriculture, and Hawaiian Affairs

Senator Mike Gabbard, Chair  
Senator J Kalani English, Vice Chair  
And Members of the Committee on Energy and Environment

Senator Carol Fukunaga, Chair  
Senator Rosalyn H Baker, Vice Chair  
And Members of the Committee on Economic Development and Technology

Hawaii State Capitol  
415 S. Beretania  
Honolulu, HI 96813

Re: HB 1271 HD3 – Relating to Government

Dear Chairs, Vice Chairs, and Members of the Committees

My name is William Maloney and I am the President and Chief Executive Officer of Pacific West Energy LLC and its subsidiaries, Kauai Ethanol LLC and G&R Ag-Energy LLC, the developers of the integrated sugarcane to ethanol and green power project on Kauai. I testify today in opposition to HB 1271 HD3, because of its inclusion of a suspension of the ethanol blending mandate – an inclusion that we believe is due to mistaken assumptions and invalid analysis assuming that eliminating ethanol will result in lower cost fuel as it would be substituted with lower priced crude oil.

Pacific West Energy LLC intends to construct a 15 million gallon per annum fuel ethanol production facility on Kauai. The facility will include a green energy cogeneration facility. The project cost is \$125 million. We intend to expand sugar cane cultivation on Kauai to at least 12,000 acres (from the existing 7,000 acres). In addition to producing fuel ethanol for the local Hawaiian motor fuel market we intend to export approximately 150 million kWh's per year of green electricity for the island's electricity requirements. We recently signed a joint-development agreement with Kauai Island Utility Cooperative ("KIUC") to provide for a power purchase agreement and the securing of debt financing from the US Department of Agriculture's Rural Utility Services agency. Our technology is proven and would involve a process that will yield an energy conversion ratio in excess of 9:1, including cogenerated electricity. To date, we have expended over \$9 million and several years of effort in reliance on the local market that the ethanol blending mandate supports. If the ethanol blending mandate is

suspended, and the State's commitment to renewable fuels is placed in doubt, our project will be unable to source any further equity or debt and our project, and the 300 jobs, tens of millions of dollars of economic activity, and significant displacement of imported energy our project will yield to Hawaii will be lost.

As some of you may recall, in 2004 the legislature passed an ethanol blending mandate bill and an ethanol facility investment tax credit. As part of its consideration of these bills, the legislature and administration undertook comprehensive reviews that included a detailed fiscal and economic analysis commissioned by DBEDT and prepared for the legislature by Decision Analysts Hawaii Inc. ("DAHI"), as well as studies by Stillwater Associates and BBI International that examined the impacts on gasoline prices from ethanol blending. The reports' findings included that an indigenous ethanol industry would increase tax revenues to the State and that the blending of ethanol would exert downward pressure on the price of gasoline.

Our project has taken much longer to develop than we originally envisaged. There have been many challenges, including the current turmoil in the financial sector, volatility in the energy markets, and securing lands suitable for sugar cane against competing uses. However, we have received our air permit and, as noted above, believe our recent accord with KIUC sets a firm foundation for our project to move forward at an accelerating pace. In recent months we have secured equity commitments for the project and as noted above we intend to pursue debt financing through the US Department of Agriculture, as well as from private lenders who offered debt financing last fall just prior to the recent lending freeze. Our project is a model for an integrated bio-energy refinery, and it is consistent with the expressed intentions of the Hawaiian legislature to develop indigenous energy resources.

I summarize below our major reasons for opposing the sections of HB 1271 HD3 that relate to suspending the ethanol blending mandate:

- Suspending the ethanol blending mandate will have the same impact as a repealing of the mandate and the \$125 million Pacific West Energy LLC ethanol and green power project on Kauai that will directly employ over 300 persons will not be able to secure further equity and debt financing and the \$9 million invested to date will be lost.
- Suspending the ethanol blending mandate will decrease liquid fuel tax revenues and will likely increase the price of gasoline to Hawaii consumers.
- It is simply faulty logic to compare crude oil prices and finished product prices and assume a displacement of one finished product, ethanol, will lead to its replacement by a raw material, crude oil. Ethanol will be replaced by the finished product gasoline, which costs more than ethanol – if gasoline cost less than ethanol there is no requirement to use ethanol under the mandate law.



- Ethanol costs less than gasoline, and exerts a downward pressure on gasoline prices, benefiting Hawaiian consumers. To assert that ethanol increases gasoline prices is factually incorrect. The price relationships were extensively studied by consultants Stillwater, Decision Analysts and BBI on behalf of the State prior to the enactment of the mandate.
- The costs of refining crude oil and handling finished products to terminals have not been included in the comparison between crude oil and ethanol prices. To equate crude oil to gasoline you need to factor the “crack spread”, i.e. - 3 barrels of crude equals 2 barrels of gasoline and 1 barrel of distillate, and include refining (catalysts and energy) and other operating costs. Over the period 2000-2007 WTI crude prices represented 61.6% of Hawaii wholesale gasoline costs, assuming this relationship, the current \$50 per barrel crude equates to wholesale gasoline of approximately \$82 per barrel.<sup>1</sup>
- Wholesale ethanol for June delivery was quoted on March 20 at \$1.62 per gallon on the Chicago Board of Trade, adding transport differentials of \$0.45 per gallon to Hawaii and deducting the \$0.45 per gallon federal ethanol tax credit received by the blender yields a net CIF Hawaii ethanol price of \$1.62 per gallon or \$68 per barrel, \$14 per barrel or \$0.33 per gallon less than gasoline.
- Using current ethanol and gasoline prices the annual savings from the ethanol mandate is approximately \$13.2 million per annum.
- If local refiners have to buy credits instead of blending ethanol to meet the national renewable fuel standard (“RFS”) these costs will be passed on to Hawaii consumers. Over 40 million gallons of ethanol per annum this will likely cost Hawaii consumers over \$5 million per annum – on top of the increase of \$13.2 million from the increased cost of gasoline over ethanol (over \$18 million in total).
- Repealing the ethanol mandate will decrease liquid fuel tax revenues because ethanol blending increases gasoline consumption and liquid fuel taxes by 2.5%.<sup>2</sup> The estimated decrease in liquid fuel tax revenues would be approximately \$3.5 million per annum.

Clearly, if the goal of the barrel tax is to increase tax revenues and have the least possible impact on Hawaii’s consumers and economy, the ethanol mandate should remain as is. We suggest that all fuels should be taxed similarly, i.e., if the barrel tax is to be increased it should be imposed on all fuels, fossil and alternative. The inclusion of lower priced ethanol will help to mitigate the negative impact of an increase in taxes, not exacerbate it.

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<sup>1</sup> US Energy Information Administration, WTI Crude and Hawaii DTW gasoline prices.

<sup>2</sup> Decision Analysts Hawaii and Stillwater reports – see DBEDT website.

We therefore respectfully request that the following language / Part be deleted from the bill:

1) Delete - From Part I, Section 1 (3) –

“The legislature also recognizes that the businesses and people of this State would be adversely impacted by the pass-on of the increased barrel tax. In these tough economic times, the legislature chooses to implement a measure that is intended to reduce the price of gasoline at the pump while increasing tax revenue. To accomplish this, this Act suspends the requirement that gasoline sold in this state for use in motor vehicles shall contain ten per cent ethanol by volume. At present, the cost of a barrel of oil is much less than the cost of a barrel of ethanol. Thus, the repeal of the ethanol content requirement is intended to result in the replacement of more expensive ethanol with less expensive oil in the refining process that produces a gallon of gasoline. The suspension applies for thirty-six months. Before the expiration of this suspension, the legislature intends that the prices of ethanol and oil be re-examined to determine if the suspension should be discontinued, extended, or allowed to expire. The legislature has not included In this Act a requirement that refiners, jobbers, and dealers pass-on any savings to the consumer. The legislature is confident that market forces and competition will suffice to lower the price of gasoline to offset the additional barrel tax imposed by part II.”

2) Delete - Part IV in its entirety.

We understand the urgent need to raise tax revenues, and support the stated goals of HB 1271 HD3 as regards food and energy security. However, as we have noted, the premise that eliminating ethanol blending from Hawaii’s gasoline will lower fuel prices and help mitigate the impact of higher taxes is false. It would be a serious error with major negative repercussions for the legislature to base such an important decision regarding revenues, impacts on consumers and new investments in renewable energy on a false premise. The opposite impacts than the legislature intends is the likely outcome – increased gasoline prices with the elimination of a lower-priced fuel and the necessity for Hawaii’s refiners to purchase renewable credits, and decreased liquid fuel tax revenues. We urge you to either oppose HB 1271 HD3 or to delete the sections pertaining to the suspending of the ethanol- blending mandate.

Sincerely,

*William M. Maloney*  
William M. Maloney  
President & CEO  
Pacific West Energy LLC



**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS  
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

March 24, 2009, 2:45 P.M.  
Room 225

**(Testimony is 4 pages long)**

**TESTIMONY IN STRONG SUPPORT OF HB 1271 HD 3, SUGGESTED AMENDMENTS**

Chairs Hee, Gabbard, Fukunaga, and members of the committees:

The Blue Planet Foundation strongly supports House Bill 1271 HD 3, providing for funding of food and energy security through a surcharge on each barrel of oil imported into Hawai'i. We believe, however, that the best use of the proposed "environmental response and energy and food security" surcharge on oil should be used to accelerate Hawaii's transition to energy independence. Blue Planet proposes the following amendments to HB 1271 HD3:

- Increase the oil surcharge to \$5 per barrel (yielding over \$200 million annually); and
- Apply the majority of the funding raised through the surcharge to a Clean Energy Investment Fund that is used to:
  1. Vastly increase the capacity of the **existing energy efficiency** Public Benefit Funds Administrator (regulated by the Public Utilities Commission), including increasing and adding efficiency incentives such as appliance buy-back programs, free home energy audits, solar water heater and compact fluorescent / LED rebates, and other efficiency programs (~\$40 million);
  2. Provide funding to **monetize the existing state renewable energy tax credits** (i.e. allow investors to tax certain tax credits as direct refunds, administered by DOTAX) (~\$50 million);
  3. Significantly **invest in smart grid infrastructure** and energy storage, administered by PUC (cost share with electric utilities) (~\$80 million);

4. Fund the work of the **public utilities commission to expedite** the resolution of the many energy dockets currently pending (~\$5 million);
5. Offer **incentives for electric vehicle** purchasers and for those installing public charge spots, administered by DBEDT, DOTAX (~\$10 million);
6. Fund the **activities of the energy office** and greenhouse gas emissions reduction task force, DBEDT, DOH (\$2 million);
7. Provide **research and development** prize money for breakthroughs in commercializing clean, safe, indigenous, and renewable transportation fuels, particularly for jet fuel purposes, administered by UH (\$10 million);
8. Provide **funding for other critical projects**—including management and oversight of federal stimulus dollars for energy projects—to create Hawaii’s preferred energy future, administered by UH or DBEDT (\$10 million); and
9. Provide **funding for the “climate change resilience and adaptation special fund”** as described in amendments provided by the Nature Conservancy of Hawaii (\$10 million).

If we truly want to rapidly transition Hawai‘i to energy independence, we have to be prepared to invest in that preferred future today. We cannot afford to wait until the economy recovers and the price of oil returns to triple-digits as it did last summer. The low oil price today presents a perfect opportunity to tap the source of our energy problem to fund our solutions.

Hawai‘i is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources<sup>1</sup>. In addition, over 805,000 tons of coal are imported into our state<sup>2</sup>. These sources provide power for over 92% of Hawaii’s electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually<sup>3</sup>. Hawaii’s economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawai‘i. To that end, new policies and sources of funding are critically needed that will dramatically increase energy efficiency, build our smart energy infrastructure with storage, and develop clean, renewable, and indigenous energy sources

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<sup>1</sup> The State of Hawaii Data Book, 2007

<sup>2</sup> *Ibid.*

<sup>3</sup> ICF International. Inventory of Greenhouse Gas Emissions and Sinks in Hawaii: 1990 and 2007. December 2008.

Blue Planet generally supports the establishment of an “energy and food security task force” to be tasked with examining areas of energy security planning and implementation. We have no position at this time on coupling those duties with food security issues, although we understand and appreciate the motivation behind joining those issues. Blue Planet does, however, strongly support levying an additional surcharge on each barrel of oil imported to Hawai’i and applying those funds to energy efficiency and clean energy investments. **We believe a \$5 surcharge should be levied on each barrel of oil imported into Hawai’i for these purposes.**

Expanding the per-barrel surcharge, as HB 1271 should do, is smart tax-shifting policy to foster greater energy independence by tapping into the source of our problem to fund our preferred future. The concept behind the measure is to help “internalize” the external costs of certain activities; in this case, charge a fee for products that are damaging to the environment and use that money to help mitigate the damage. The link is quite clear between the use of petroleum products and corresponding impacts on our fragile island environments—not only in oil spills, which was the original impetus for the environmental response tax, but also in runoff from the roads our cars drive on, in degraded air quality, and in greenhouse gas emissions and climate change.

A “clean energy” surcharge on a barrel of oil of \$5 is approximately the same as a carbon tax of \$10.45 per ton of carbon dioxide (CO<sub>2</sub>)<sup>4</sup>. It would have a marginal impact on petroleum users, yet significantly increase the state’s ability to deliver energy efficiency investments and clean energy project funding. A \$10.35 “carbon fee” is average. Many European countries have carbon taxes that exceed \$10.00 per ton. Last year, the Canadian province of British Columbia enacted a carbon fee that started at approximately \$8.00 per ton (English) in July, 2008, and increases to \$24 per ton by 2012.

The impact of CO<sub>2</sub> emissions alone from one barrel oil is much greater than the proposed tax. The Gas Company, in their Integrated Resource Plan, attempted to quantify the externalities (impacts not reflected in the market costs of an activity) per ton of pollutant. They examined environmental, energy security, macroeconomic and employment, and social and cultural externalities. Their results are shocking: the low estimate was \$10/ton CO<sub>2</sub>, the mid-range was

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<sup>4</sup> At 23 lbs CO<sub>2</sub> produced per gallon oil and 42 gallons per barrel.

\$27/ton CO<sub>2</sub>, and the high was \$77/ton CO<sub>2</sub><sup>5</sup>. Again, the approximate carbon tax equivalent of this measure is \$10.35.

While we all likely agree that we need to aggressively increase our clean energy use in Hawai'i and decrease our reliance on imported crude, we cannot do it with funding for planning, implementation, development, and funding. House Bill 1271 HD3 wisely taps the source of our problem—imported oil—to fund clean energy programs.

House Bill 1271 HD3 can be a smart tax-shifting policy that encourages energy conservation while providing critical funding for a diversity of clean energy and energy efficiency investments statewide. It works by making the “polluter pay.” As we dramatically expand our clean energy capacity in Hawai'i, the real economic benefits of this carbon surcharge will far outweigh the additional burden it may present. This common sense policy will foster greater energy independence by tapping into the source of our problem to fund our preferred future.

*We have no position on the 36 month waiver of the 10% ethanol requirement as provided in the HD3 of HB 1271.*

**We ask that these committees forward an amended HB 1271 HD3 that contains a \$5 per barrel surcharge with funding being allocated to the clean energy and energy efficiency programs as described on pages 1 and 2 of this testimony.** Blue Planet is happy to work with the Committee to develop appropriate language to accomplish that outcome.

Thank you for the opportunity to testify.

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<sup>5</sup> The Gas Company, 1999. The Gas Company Integrated Resource Plan Report, Jan 28, 1999 Draft, Honolulu.



TO: Senate Committee on Water, Land, Agriculture and Hawaiian Affairs  
Honorable Senator Clayton Hee, Chair

Senate Committee on Energy and Environment  
Honorable Senator Mike Gabbard, Chair

Senate Committee on Economic Development and Technology  
Honorable Senator Carol Fukunaka, Chair

RE: Testimony in Support of HB1271 HD3 Relating To Government

HEARING: Tuesday, March 24, 2009, 2.45 pm

Chairs Hee, Gabbard and Fukunaga and members of the Committees:

I appreciate your committees' consideration of HB1271 HD3, and welcome this opportunity to submit testimony in support of it.

My name is Larry Gilbert, and I am the Managing Director and Chief Executive of Sennet Capital LLC. Sennet Capital is a Hawai'i merchant bank that focuses entirely on providing and arranging funding for Hawai'i companies and renewable energy projects. We have become one of the leading experts in Hawai'i in solar project financing, and recently completed one of the largest solar project financings done in Hawai'i when we arranged the financing for Hoku Solar to put solar panels on all of the Neighbor Island airports for the State of Hawai'i Department of Transportation.

As a provider of financing for renewable energy projects in Hawai'i, we see firsthand how much Hawai'i could benefit by creating additional infrastructure, services and funding to support renewable energy projects here. For example, funding provided by the oil surcharge contained in HB1271 HD3 could be used to support monetizing the Hawai'i Renewable Energy Tax Credit, which is currently virtually useless to Hawai'i taxpayers. Making that tax credit useable could bring hundreds of millions of dollars of outside investment funds into Hawai'i for the installation and operation of solar photovoltaic projects, helping to get Hawai'i away from fossil fuel dependency and creating long-term, good-paying jobs for our citizens.

The oil surcharge in HB1271 HD3 provides an elegant way to use the source of one of Hawai'i's greatest problems as the funding to support the solution.

As the Committees consider the bill, there are two points I wish to emphasize:

1. The role of the economic development boards (EDBs) of the various islands as coordinators of the funding to be provided under the bill is critical, and its presence should be maintained in the bill. Only the EDBs have the scope, breadth and experience necessary to work with all of the various constituencies whose interests are served by this bill.

March 23, 2009

Page 2

2. The bill should contain whatever measures are necessary to ensure that the funds being set aside for renewable energy development cannot be swept into the general fund. Hawai'i's move to renewable energy and energy self-sufficiency is a long-term process that must be supported consistently for the long term, and will provide more economic growth and stimulus than any short-term fixes could ever hope to provide.

For all of these reasons, Sennet Capital strongly supports HB1271 HD3, and urges this Committee to recommend its passage to the House and the Legislature.

Thank you for the opportunity to submit this testimony, and please feel free to contact me if I can be of further assistance.

Larry Gilbert  
Managing Director  
Sennet Capital LLC  
737 Bishop Street, Suite 3170  
Honolulu, HI 96813  
Tel 808 457-1300  
Email: [LGilbert@sennetcapital.com](mailto:LGilbert@sennetcapital.com)



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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 12:31 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 12:27 PM  
To: WTLTestimony  
Cc: michael@permaculturemaui.com  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Michael S Howden  
Organization: Permaculture Maui  
Address: 2020 Olinda Rd Makawao, HI  
Phone: 808-573-5225  
E-mail: [michael@permaculturemaui.com](mailto:michael@permaculturemaui.com)  
Submitted on: 3/23/2009

Comments:

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**From:** Corey Holmgreen [corey@fieldtripfoundation.com]  
**Sent:** Monday, March 23, 2009 1:48 PM  
**To:** ENETestimony

I support HB 1271 HD3.upport ...let us grow real food again!

Corey Holmgreen  
Field Trip Foundation  
Founder  
P.O. Box 790611  
Paia, Hi. 96779  
808-658-0817



**MAUI TOMORROW FOUNDATION, INC.**

**Protecting Maui's Future**

March 23, 2009

IN SUPPORT OF HB 1271, HD 2- Relating to Government

Mark  
Sheehan  
*President*

Aloha, Chairs Hee, Gabbard and Fukunaga and Committee Members:

Rob  
Parsons  
*Vice President*

Maui Tomorrow Foundation, Inc. asks that you pass HB1271, which establishes the Hawai'i Energy and Food Security Task Force to advise the Legislature on the development food and energy independence and sustainability for Hawai'i.

Trip  
Lynch  
*Treasurer*

The energy policies we need are based on energy that is generated by regionally appropriate, reliable, and renewable resources, such as wind and solar. We need policies that will protect our environment, cease and reverse global warming, disentangle the US from unstable regions of the world, and create a new energy economy that promises jobs and sustainable and equitable economic prosperity.

Judith  
Michaels  
*Secretary*

Lance  
Holter

Maui Tomorrow Foundation believes that the creation of this Energy and Food Security Task Force will help to build a better vision for Hawaii, based on agriculture that includes dynamic, flexible farming systems that are profitable, efficient, productive and founded on the ethics of land stewardship and responsibility. We must understand and respect the complex interconnectedness of living systems, from soil to people, in order to protect and enhance all natural resources for future generations. Agriculture in Hawaii should sustain an abundance of food and other products as well as meaningful, self-directed employment that supports the quality of life desired by farmers and our rural communities.

Richard  
Michaels

Maury  
King

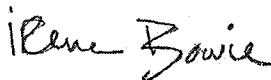
Elle  
Cochran

Mahalo,

Michael  
Duberstein

Kai  
Nishiki

Irene  
Bowie  
*Executive  
Director*



Irene Bowie

Executive Director



# LIFE OF THE LAND

76 North King Street, Suite 203

Honolulu, Hawai'i 96817

Phone: 533-3454; E: [henry.lifeoftheland@gmail.com](mailto:henry.lifeoftheland@gmail.com)

## COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Senator Clayton Hee, Chair

Senator Jill N. Tokuda, Vice Chair

## COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator J. Kalani English, Vice Chair

## COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair

Senator Rosalyn H. Baker, Vice Chair

Tuesday, March 24, 2009

2:45 p.m.

Conference Room 225

### **HB 1271, HD3 Food & Energy**

### **SUPPORT**

Aloha Chairs Hee, Gabbard and Fukunaga and Committee Members

My name is Henry Curtis and I am the Executive Director of Life of the Land, Hawai'i's own energy, environmental and community action group advocating for the people and `aina for almost four decades. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Hawai'i's economy is overly dependent on outside forces. We export billions of dollars to buy food and energy, and we need tourist revenue and military expenditures to finance this. So we create a State that caters to outside forces, rather than building what we need here.

If we stopped exporting \$5B a year for food and energy, then through the multiplier effect, the money would be spent locally, rippling through the economy, adding \$15-20 billion

dollars of local economic power, strengthening the ability of the State to fix our schools, health care, diversify the economy, etc.

Often we get caught up in solving an issue without considering its impacts on other issues.

We need to ask questions

Should we use agricultural land for bioenergy or food crops?

How can we become energy self-sufficient?

How can we become agriculturally self-sufficient?

What policies will lead to both.

We need for the people in government who are pushing for one or the other policies to speak to each other. Please pass the bill.

The current Hawai'i mandate for the use of ethanol is a mandate to import fuel. This may be the only Hawai'i mandate to use imported fossil fuel. I say fossil fuel, because ethanol production is heavily dependent upon fossil fuel to grow the crops and to convert the crops into biofuel. After the crops are grown very unsustainable. We should end the ethanol mandate, unless or until there is a local, sustainable ethanol fuel supply.

Mahalo



# **WINDWARD AHUPUA'A ALLIANCE**

From the Peaks of *Na Ko'olau* to the Outer Reefs

*Community-Based Planning  
Sustainable Economic Development  
Restoration, Preservation, Protection & Public Access  
Educational & Cultural Programs*

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*Sen. Clayton Hee, Chair  
Sen. Jill Tokuda, Vice Chair*

## **COMMITTEE ON ENERGY & ENVIRONMENT**

*Sen. Mike Gabbard, Chair  
Sen. Kalani English, Vice Chair*

## **COMMITTEE ON ECONOMIC DEVELOPMENT**

*Sen. Carol Fukunaga, Chair  
Sen. Roslyn Baker, Vice Chair*

### **PUBLIC HEARING**

**2:45 pm**

**Tuesday, March 24, 2009**

**Conference Room 308**

### **HB 1271 HD3 - RELATING TO GOVERNMENT**

**Comments & Amendments**

My name is Shannon Wood speaking on behalf of the *Windward Ahupua'a Alliance*, a 501c3 Hawai'i non-profit corporation, established in July, 2002. We work to educate & inform residents, visitors, businesses, policymakers & the media all across Hawai'i about using Smart Growth planning principles.

One of our legislative priorities this session is to establish food and fuel security policies to address both environmental & economic concerns. Land planted with palm trees or soybeans or corn or sugar to be converted into biofuels cannot be turned into food at the same time.

Still, doing that is marginally better than importing these agricultural products to convert into biofuels or to continue to rely upon imported fossil fuels.

Another issue *WAA* focuses on is directly tied to energy issues - the reduction of greenhouse gas emissions which cause global warming & sea level rise.

**P.O. Box 6366  
Kane'ohe, HI 96744  
E-Mail: [info@waa-hawaii.org](mailto:info@waa-hawaii.org)**

**Voicemail: 808/247-6366  
Cellular: 808/223-4481  
Website: <http://www.waa-hawaii.org>**

**WAA** is committed to making sure that Hawai'i becomes *energy independent*. By that I mean, we must reduce our consumption of fossil fuels such as oil & coal and start tapping into the wealth of natural energy resources which surround us here in the middle of the Pacific Ocean.

We also need to look at biofuels which can be grown or harvested or developed in ways that do reduce our dependency on fossil fuels and to support our efforts to become food self-sufficient.

That's why **WAA** supported the concepts behind HB 1271 in its original form. Unfortunately, this bill in its current incarnation has changed in significant ways.

It does away, albeit temporarily, with ethanol requirements and forces us to continue our dependence upon imported oil. That decision alone will impact investments made over the past couple of years in growing a wide variety of biofuel crops.

**WAA** is adamantly opposed to bringing in biofuels from other parts of the world. We destroy other peoples' lands and use fossil fuels to transport the products across the ocean.

However, if this bill is passed, you are not encouraging local production by doing away with a guaranteed market.

Furthermore, the bill only addresses imported oil & not coal. Make this a real carbon tax by assessing coal imports.

While doing research about Hawai'i's coal usage, I was startled to see that we consume nearly 900,000 short tons a year here. Why don't we add a tax of \$5 a ton to that figure to raise about \$4,500,000 which would be used to support the costs of the *Task Force* and to educate the public about switching to truly green energy resources.

I also do not like the change in the title of the Task Force. The original name made it much clearer as to its intent. Now it focuses on economic issues rather than equity or environmental ones.

Still another concern deals with the ongoing national debates as to whether we should institute CAP & TRADE policies or a CARBON TAX or both in our collective energy policies to reduce greenhouse gas emissions and to reduce our dependence upon foreign oil.

All of these issues are complex, inter-related, and too important to act upon hastily. *Mahalo* for the opportunity to testify on HB 1271 HD3.



## PATH ~ PEOPLES ADVOCACY FOR TRAILS HAWAII

PO Box 62 ♦ KAILUA-KONA, HAWAII 96745 ♦ 808 -329-9718 ♦ [sharetheroad@pathhawaii.org](mailto:sharetheroad@pathhawaii.org)

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### Mission

To safely connect the people and places on Hawai'i Island with pathways and bikeways.

### Serving

the Island of Hawai'i since 1986

### Web-site:

[www.pathhawaii.org](http://www.pathhawaii.org)

March 24, 2009

### Testimony regarding HB1271 HD3

Senate Committee on Water, Land, Agriculture and Hawaiian Affairs  
Senate Committee on Energy and the Environment  
Senate Committee on Economic Development and Technology  
State Capitol Room 225  
Tuesday, March 24<sup>th</sup>, 2:45pm

Aloha Senators,

Thank you for the opportunity to provide testimony regarding HB1271. PATH is a grassroots bicycling and pedestrian advocacy organization with a strong interest in reducing transportation energy demand by developing safe, connected active transportation networks that allow for walking and bicycling which are oil-free, clean and efficient modes of transportation.

PATH supports the first two purposes of HB1271 to establish greater energy and food self-sufficiency but we feel that the bill does not deliver on these purposes. The goals and objectives are nebulous and our primary interest in developing safe, connected active transportation (walking, bicycling) networks to reduce transportation energy demand is totally ignored.

A 2001 Federal Household Transportation Study reports that half of all trips are within a 20 minute bicycle ride (3 miles) and 25% are within a 20 minute walk. Currently, Hawaii is among the most dangerous places in Hawaii to be a bicyclist or pedestrian. We need to accelerate our bicycle plan projects and deliver on safe, convenient pedestrian connectivity through sidewalks and shared use pathways, especially in the vicinity of elementary schools, in order to begin to reduce our transportation energy demand.

We are interested in working with a coalition of legislators, environmental and agricultural leaders to come up with a comprehensive and effective barrel tax bill that will help to move market forces towards reducing transportation energy demand and fostering greater food security for our islands.

Mahalo for the opportunity to comment.

Laura Dierenfield  
executive director





# Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803  
808.537.9019 hawaii.chapter@sierraclub.org

SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND  
HAWAIIAN AFFAIRS  
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

March 24, 2009, 2:45 P.M.  
(Testimony is 2 pages long)

## TESTIMONY IN SUPPORT OF HB 1271, HD3 WITH AMENDMENTS

Aloha Chair Hee, Chair Gabbard, Chair Fukunaga, and Members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, supports HB 1271, HD3, establishing a means to finance smart efforts to ensure Hawai'i's energy and food security security. The bill is a smart tax-shifting policy designed to foster greater energy independence by tapping into the source of our problem so as to fund our preferred future. It has the additional benefit of putting Hawai'i's money to work here on the islands instead of sending it off to the Middle East.

The concept behind this measure is to help "internalize" the external costs of certain activities; in this case, charge a fee for products that are damaging to the environment and use that money to help mitigate the damage. The link is quite clear between the use of petroleum products and corresponding impacts on our fragile island environments—not only in oil spills, which was the original impetus for the environmental response tax, but also in runoff from the roads our cars drive on, in degraded air quality, and in greenhouse gas emissions and climate change. This measure would provide additional funds for their efforts, as well as provide funding for energy efficiency projects and development of renewable energy critical for Hawai'i's long-term future.

While we all likely agree we need to aggressively increase our clean energy use in Hawai'i and decrease our reliance on imported crude, we cannot do it with funding for research, development, and policy implementation. To the extent HB 1271 HD3 targets specified uses of funding for agriculture, the Sierra Club suggests we similarly target energy efficiency and incentive programs designed to reduce our dependence on fossil fuels. In fact, this should be the thrust of this fund. *Such efforts will provide benefits in excess of the small fee increase.* For example, creating a loan fund for the installation of solar water heaters will create economic benefits for everyone in excess of the imposition of a \$1.00 in charge.

Specifically, the Sierra Club recommends identifying contributions to the existing energy efficiency Public Benefit Funds Administrator (regulated by the Public Utilities Commission), which would directly increase and add efficiency incentives (such as appliance buy-back programs, free home energy audits, solar water heater and compact fluorescent/LED rebates, and other efficiency programs). In addition, contributions should be made into direct incentive programs that are designed to maximize small, local renewable energy sources.

Further, the Sierra Club believes that the impacts of global climate change will have significant impacts on Hawai'i's natural ecosystem. Taping into the source of the problem -- overuse of fossil fuels -- as a funding source to strengthen habitat resilience programs is brilliant and necessary move. The Sierra Club reviewed the proposed amendments suggested by the Nature Conservancy of Hawai'i and generally supports these suggestions.

We acknowledge raising taxes is not a popular move. **To put the larger issue of oil cost in perspective, however, consider we were recently paying a tax of \$95 per barrel of oil.** That's the difference between what oil cost in 2008 and what it costs now. This "tax" went into the hands of foreign countries and oil developers. Wouldn't we rather spend this money here in Hawai'i? Wouldn't we rather ensure our oil and food security for the future and avoid future market volatility?

It is our belief that the public would accept this proposal if there is a solid commitment towards applying the money for the wise use of the Islands' reservoir of power -- the use of wind, waves, geothermal, and the sun. House Bill 1271, HD3, is smart tax-shifting policy that encourages resource conservation and increases our ability to protect Hawaii's environment by making the "polluter pay." As we dramatically expand our clean energy capacity in Hawai'i, the real economic benefits of this carbon surcharge will far outweigh the additional burden it may present.

Thank you for the opportunity to testify.

---

**From:** nancy redfeather [nancyredfeather@hawaii.rr.com]  
**Sent:** Monday, March 23, 2009 9:59 PM  
**To:** ENETestimony  
**Subject:** Strong Support HB 1271 HD3 Food and Energy Security

Aloha Chairs Hee, Gabbard, and Fukunaga, and Members of the Committees,

Now is the time to address and clarify the food vs. biofuel issue. Here on Hawai'i Island as we watch this real life drama unfolding on our Hamakua Farmlands. Shall they be food or fuel? Shall we put the acreage into trees to chip and burn, or grow food and lessen imports and employ and feed people? These are real questions.

Every morning when we read the news we see that energy and food self-sufficiency is not a luxury it is a necessity. Policy must drive the economic sector and NOT visa versa. It is time for policy that is NOT solely driven by economics. Long-term thinking and planning is what is needed at this hour.

We must look at the whole picture, a systems approach. I ask for support for this bill which will establish the Hawai'i Economic Development Task Force to address our energy and food security needs. And the suspension of mandatory ethanol is a MUST.

I have spent \$1500 on my Toyota Truck to fix a valve that my mechanic says was due to the ethanol. I now drive a 1/2 hour each way to get gas at the harbor because it is the only place on the Kona coast to buy real non-ethanol gas. Also, my Honda mower stopped running, the mechanic said that all small engines gum up and suffer with ethanol. We gave it a shot, now time to return to gasoline.

Mahalo for the opportunity to testify.

Aloha,

Nancy Redfeather  
Kawanui Farm  
Honalo, Hawai'i  
P.O. box 906  
Kealakekua, Hawai'i  
96750

---

**From:** PFierroRob@aol.com  
**Sent:** Monday, March 23, 2009 11:44 AM  
**To:** ENETestimony  
**Subject:** testimony

I want to add my testimony to support bill HB 1271 HD3. For the first time there is a smart bill to link food and biofuel, and to stop mandating foreign ethanol in our gas tank.

You have my vote.

Phyllis Robinson, Ed.D.

**Phyllis Robinson, Ed.D.**  
**Creative Conflict Solutions (CCS)**  
**3505A Malina Place**  
**Kihei, HI 96753**  
**(808) 874-1239**  
**cell: (808) 647-4066**  
**[www.creativeconflictsolutions.com](http://www.creativeconflictsolutions.com)**  
**[pfierrorob@aol.com](mailto:pfierrorob@aol.com) or [phyllis@creativeconflictsolutions.com](mailto:phyllis@creativeconflictsolutions.com)**

---

**From:** patricia blair [cris6369@yahoo.com]  
**Sent:** Monday, March 23, 2009 12:27 PM  
**To:** ENETestimony  
**Cc:** Sen. Clayton Hee; Sen. Jill Tokuda; Sen. Carol Fukunaga  
**Subject:** Food, Biofuel, Ethanol Legislation

Email testimony to: [ENETestimony@Capitol.hawaii.gov](mailto:ENETestimony@Capitol.hawaii.gov)

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

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COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair

Senator Rosalyn H. Baker, Vice Chair

Tuesday, March 24, 2009

2:45 p.m.

Conference Room 225

Aloha Chairs Hee, Gabbard and Fukunaga and Committee Members

HB1271 HD3 Status Bill Establishes the Hawaii economic development task force to address Hawaii's energy and food security needs. Increases the tax collected on each barrel of petroleum product sold by a distributor. Allocates portions of the taxes collected to various funds, including the general fund. Suspends for 36 months the requirement that gasoline sold in the State for use in motor vehicles contain 10% ethanol by volume.

PLEASE PASS THE BILL

Talking points:

Food and biofuel are linked.

We need to become agriculturally and energy self-sufficient

A holistic solution is needed

We need to solve climate change comprehensively

--

Mahalo,

Pat Blair, Kailua, 888-6393

---

**From:** Andrea Brower [andrea@malamakauai.org]  
**Sent:** Monday, March 23, 2009 11:59 AM  
**To:** ENETestimony  
**Subject:** Please pass HB1271

Tuesday, March 24, 2009  
2:45 p.m.  
Conference Room 225

Aloha Senators,

Please consider passing, without amendments, HB1271, the first Hawai`i state legislation to address the connections between food and energy.

As we rapidly move towards a new economic paradigm that will require us to move towards greater food and energy self-sufficiency, it is critical that we use holistic planning and solution identification. We cannot afford to continue to consider our energy and food systems as separate.

This bill is highly important for both our economy and environment.

With respect and aloha,  
Andrea Brower and Keone Kealoha  
Malama Kaua`i  
*`aina, community, culture*

---

**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 1:00 PM  
**To:** gabbard1 - Carlton  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

**From:** mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
**Sent:** Monday, March 23, 2009 12:56 PM  
**To:** WTLTestimony  
**Cc:** aliaska@hawaii.rr.com  
**Subject:** Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Aliaska Brozen  
Organization: Individual  
Address: 3100 A Mapu Pl. Kihei, HI 96753  
Phone: 808-891-9203  
E-mail: [aliaska@hawaii.rr.com](mailto:aliaska@hawaii.rr.com)  
Submitted on: 3/23/2009

Comments:  
I SUPPORT HB 1271.

---

**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 11:55 AM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 11:50 AM  
To: WTLTestimony  
Cc: Karen@KarenChun.com  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Karen Chun  
Organization: Individual  
Address: 87 Lae St Pa'ia HI  
Phone: 283-3049  
E-mail: [Karen@KarenChun.com](mailto:Karen@KarenChun.com)  
Submitted on: 3/23/2009

Comments:

Suspending the ethanol requirement is an idea I have long supported for these reasons:

1. Since Hawai'i doesn't make ethanol, there is a net negative effect to CO2 and the environment in requiring that we import ethanol
2. It makes fuel more expensive for our residents while DAMAGING the environment
3. As an engineer I can tell you that the net savings of petroleum by using ethanol from corn is either 0 or negative so this is NOT helpful to the environment.
4. We are seeing food shortages and higher prices on grains from the conversion of cropland to growing petroleum replacement fuel. If we remove the ethanol requirement, we will no longer be morally responsible for the hunger this causes.

Ethanol requirements are simply "greenwashing". We taxpayers pay twice: First in subsidies to the growers and producers and then again at the gas pump. And all for nothing. Ethanol is a con perpetrated on the U.S. by large agri-businesses who stand to reap financial rewards.

There is no reputable environmental organization that supports corn ethanol.



---

**From:** Diana Dahl [melofarm@hawaii.rr.com]  
**Sent:** Monday, March 23, 2009 11:56 AM  
**To:** ENETestimony  
**Subject:** PLEASE PASS HB1271

Aloha Chairs Hee, Gabbard and Fukunaga and Committee Members

HB1271 HD3 Status

House Bill 1271 establishes the Hawaii economic development task force to address Hawaii's energy and food security needs. Increases the tax collected on each barrel of petroleum product sold by a distributor. Allocates portions of the taxes collected to various funds, including the general fund. Suspends for 36 months the requirement that gasoline sold in the State for use in motor vehicles contain 10% ethanol by volume.

PLEASE PASS THE BILL!

Food and biofuel are linked. We need to become agriculturally and energy self-sufficient. A holistic solution is needed, and we need to solve climate change comprehensively.

Diana Dahl, Haiku

---

**From:** Noel Kent [noelk@hawaii.edu]  
**Sent:** Monday, March 23, 2009 11:42 AM  
**To:** ENETestimony  
**Subject:** HB1271 HD3

This is a wonderful bill to start dealing with our energy and food security challenges in the future. The idea of an economic development task force to provide a comprehensive overview to our energy transformation is one whose time has come. It is also time to begin getting rid of ethanol in our cars and this bill puts us on that road.

---

**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 12:09 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 12:07 PM  
To: WTLTestimony  
Cc: robparsons@earthlink.net  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Rob Parsons  
Organization: Individual  
Address: 540 Kaiapa Place haiku, HI 96708  
Phone: 808-280-1369  
E-mail: [robparsons@earthlink.net](mailto:robparsons@earthlink.net)  
Submitted on: 3/23/2009

**Comments:**

Imported ethanol is doing nothing for our local energy security or economy. It is, however, tapping into federal subsidies from mainland corn producers. Our ag lands are best used for producing food, not fuel.

Strongly support this measure.

---

**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 12:35 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 12:35 PM  
To: WTLTestimony  
Cc: mel\_s\_gbf@yahoo.com  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Melanie Stephens  
Organization: Individual  
Address: Makawao, HI  
Phone:  
E-mail: [mel\\_s\\_gbf@yahoo.com](mailto:mel_s_gbf@yahoo.com)  
Submitted on: 3/23/2009

Comments:

Please support HB 1271. This bill supports the strengthening of sustainable and environmentally responsible practices in our Hawaiian Islands. Mahalo

---

**From:** Maury King [maury@SouthMauiSustainability.org]  
**Sent:** Monday, March 23, 2009 2:53 PM  
**To:** ENETestimony  
**Subject:** Food and Energy Security

In favor of HB 1271, please.


Obviously food and energy security is important, especially so since we're in the middle of the ocean. So, I am definitely in favor of anything that will move us in that direction, including anything that will have us make sensible use of food crops that can also be fuel crops. Let's get the foreign ethanol out of our fuel supply and move forward with more intelligence than that. Thanks for listening.

*Maury King*

[SouthMauiSustainability.org](http://SouthMauiSustainability.org)

[maury@SouthMauiSustainability.org](mailto:maury@SouthMauiSustainability.org)

808-874-5955

 Please consider the environment before printing this e-mail.

---

**From:** gse [gse@hawaii.rr.com]  
**Sent:** Monday, March 23, 2009 2:47 PM  
**To:** ENETestimony  
**Subject:** HB1271 HD3

Dear Senators:

I strongly support HB1271 HD3. As the state most exposed to transportation costs we must become energy and agriculture self sufficient. Food and biofuels are directly connected as we have seen in the run-up of food prices due to production of biofuels. Further many of the biofuels produced in South East Asia have only exacerbated global warming by cutting down the rain forest to produce palm oil.. We need to develop a sustainable food supply and energy supply.

This bill is a great first step.

Aloha,  
Gary Elster  
12 Malihini Place  
Wailuku, Maui.

---

**From:** holly jones [sledjeski@hotmail.com]  
**Sent:** Monday, March 23, 2009 2:12 PM  
**To:** ENETestimony  
**Subject:** Measure HB 1271 HD3

Dear Sir or Madam,  
As a Hawaii state resident, I support measure HB 1271 HD3.

Thank you,  
Holly Jones

---

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---

**From:** Pamela Polland [peemer@kula.com]  
**Sent:** Monday, March 23, 2009 3:14 PM  
**To:** ENETestimony  
**Subject:** Please SUPPORT HB 1271 HD3

Please SUPPORT HB 1271 HD3

Pamela Polland  
226 Kulalani Drive  
Kula, HI 96790

Mahalo!



COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Senator Clayton Hee, Chair

Senator Jill N. Tokuda, Vice Chair

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator J. Kalani English, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair

Senator Rosalyn H. Baker, Vice Chair

SB 1271 HD3 -

[ENETestimony@Capitol.hawaii.gov](mailto:ENETestimony@Capitol.hawaii.gov)

Tuesday, March 24, 2009

2:45 p.m.

Conference Room 225

Chairs Hee, Gabbard, and Fukunaga and Committee Members:

Thank you for the opportunity to express my strong support for HB1271 HD3 which establishes the Hawaii economic development task force to address Hawaii's energy and food security needs; increases the tax collected on each barrel of petroleum product sold by a distributor; allocates portions of the taxes collected to various funds, including the general fund and; suspends for 36 months the requirement that gasoline sold in the State for use in motor vehicles contain 10% ethanol by volume.

It is clear that not enough thought has gone into plans for transitioning Hawaii from fossil fuels to renewable resources. Take, for example, HECO's attempts to contract with a company that will import palm oil from Indonesia and Malaysia. What is needed is a more holistic understanding of the complexities of the problem before forging ahead stubbornly with this or that solution. A more comprehensive approach to achieving local food and fuel security will be more successful.

Please pass this bill to speed Hawaii's transition to self-sufficiency in food production and energy generation.

Mahalo,

Diana Bethel

1441 Victoria St.

Honolulu, Hawaii 96822

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 4:28 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 4:26 PM  
To: WTLTestimony  
Cc: palmtree7@earthlink.net  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: janice palma-glennie  
Organization: Individual  
Address:  
Phone:  
E-mail: [palmtree7@earthlink.net](mailto:palmtree7@earthlink.net)  
Submitted on: 3/23/2009

Comments:  
this bill acknowledges the links between food and fuel. please vote to pass it.  
Mahalo.

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 4:16 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 4:11 PM  
To: WTLTestimony  
Cc: bcbonse@yahoo.com  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Bonnie Bonse  
Organization: Individual  
Address:  
Phone:  
E-mail: [bcbonse@yahoo.com](mailto:bcbonse@yahoo.com)  
Submitted on: 3/23/2009

Comments:

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS Senator Clayton Hee, Chair  
Senator Jill N. Tokuda, Vice Chair COMMITTEE ON ENERGY AND ENVIRONMENT Senator Mike Gabbard,  
Chair Senator J. Kalani English, Vice Chair COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY  
Senator Carol Fukunaga, Chair Senator Rosalyn H. Baker, Vice Chair

Tuesday, March 24, 2009  
2:45 p.m.  
Conference Room 225

Aloha Chairs Hee, Gabbard and Fukunaga and Committee Members,

My name is Bonnie Bonse from Makawao on Maui; I am a concerned citizen who spends a great deal of time volunteering in the interest of true sustainability and food security.

I support this bill, which recognizes that the link between food and biofuels is directly related to our food security. Please support this bill!

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 2:40 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 2:38 PM  
To: WTLTestimony  
Cc: djp@kona.net  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Douglas J Phillips  
Organization: Individual  
Address: PO Box 44910 Kamuela, HI  
Phone: 8088821692  
E-mail: [djp@kona.net](mailto:djp@kona.net)  
Submitted on: 3/23/2009

Comments:

I support the measure, HB 1271 HD3

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 2:40 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 2:24 PM  
To: WTLTestimony  
Cc: jsacher@kona.net  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Jeff Sacher  
Organization: Individual  
Address: PO Box 44910 Kamuela HI  
Phone: 808-936-9983  
E-mail: [jsacher@kona.net](mailto:jsacher@kona.net)  
Submitted on: 3/23/2009

Comments:

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 2:39 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 2:22 PM  
To: WTLTestimony  
Cc: businessgreg007@hawaii.rr.com  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Greg Hansen  
Organization: Individual  
Address: 1120 Maohu St Makawao  
Phone: 808-205-0234  
E-mail: [businessgreg007@hawaii.rr.com](mailto:businessgreg007@hawaii.rr.com)  
Submitted on: 3/23/2009

Comments:

Please support HB1271. We need to become agriculturally and energy self-sufficient and this is a great first step!

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 2:39 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 2:08 PM  
To: WTLTestimony  
Cc: debbienotch@mac.com  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Deborah Notch  
Organization: Individual  
Address:  
Phone:  
E-mail: [debbienotch@mac.com](mailto:debbienotch@mac.com)  
Submitted on: 3/23/2009

Comments:

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 2:39 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
Sent: Monday, March 23, 2009 1:58 PM  
To: WTLTestimony  
Cc: shivadario@yahoo.com  
Subject: Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: michael D'Addario  
Organization: Individual  
Address: P O Box 767 Haiku, HI 96708  
Phone:  
E-mail: [shivadario@yahoo.com](mailto:shivadario@yahoo.com)  
Submitted on: 3/23/2009

Comments:  
I support Bill HB 1271



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**From:** Nadine Newlight, Director [nadine@mauilearningcenter.com]  
**Sent:** Monday, March 23, 2009 5:11 PM  
**To:** ENETestimony  
**Cc:** Sen. Carol Fukunaga; Sen. Clayton Hee  
**Subject:** Strongly support HB1271 HD3

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN  
AFFAIRS

Senator Clayton Hee, Chair  
Senator Jill N. Tokuda, Vice Chair

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair  
Senator J. Kalani English, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair  
Senator Rosalyn H. Baker, Vice Chair

Tuesday, March 24, 2009

2:45 p.m.

Conference Room 225

Aloha Chairs Hee, Gabbard and Fukunaga and Committee  
Members

HB1271 HD3 Status

Bill

Establishes the Hawaii economic development task force to  
address Hawaii's energy and food security needs.

Increases the tax collected on each barrel of petroleum  
product sold by a distributor. Allocates portions of the  
taxes collected to various funds, including the general  
fund. Suspends for 36 months the requirement that gasoline  
sold in the State for use in motor vehicles contain 10%  
ethanol by volume.

PLEASE PASS THE BILL

Food and biofuel are linked.

We need to become agriculturally and energy self-sufficient.

A holistic solution is needed.

We need to solve climate change comprehensively.

Mahalo

Nadine Newlight

45 Laenui Place

Paia 96779-8110

573-7730

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**From:** WTLTestimony  
**Sent:** Monday, March 23, 2009 5:30 PM  
**To:** ENETestimony  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

**From:** mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
**Sent:** Monday, March 23, 2009 5:30 PM  
**To:** WTLTestimony  
**Cc:** mauibrad@hotmail.com  
**Subject:** Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Brad Parsons  
Organization: Individual  
Address: Hanalei, HI 96722  
Phone:  
E-mail: [mauibrad@hotmail.com](mailto:mauibrad@hotmail.com)  
Submitted on: 3/23/2009

Comments:


I support the measure, HB 1271 HD3. Respectfully request passing it out of committee as is.

Also, mahalo for the good job your committee has been doing this session on a number of important bills.

Mahalo,  
Brad Parsons

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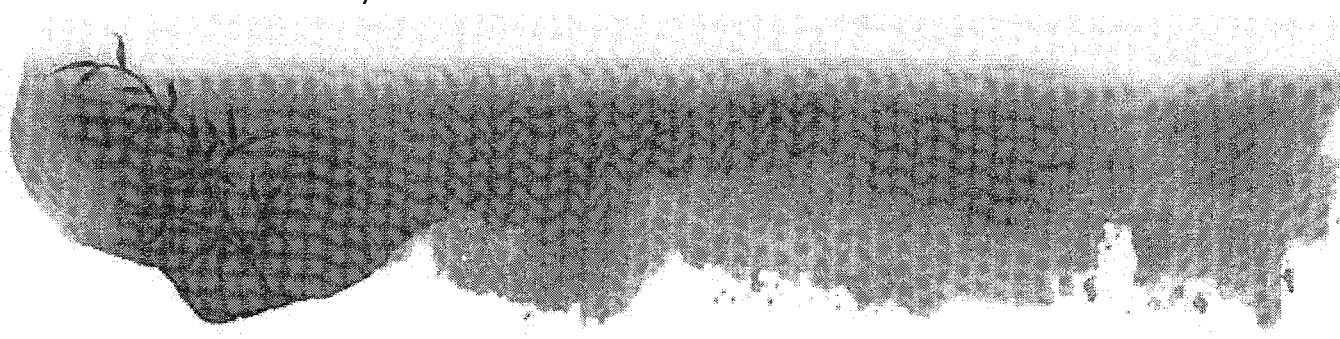
**From:** Kathleen Souki [souki911@yahoo.com]  
**Sent:** Monday, March 23, 2009 7:21 PM  
**To:** ENETestimony  
**Subject:** HB 1271 HD3.  
**Attachments:** stat2999.jpg



I am in favor of HB 1271 HD3. Please pass this much-needed bill for the residents of Hawaii.

Mahalo!

Kathleen Noelani Soule  
PO Box 231  
Makawao, HI 96768



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**From:** Charles Ice [icec002@hawaii.rr.com]  
**Sent:** Monday, March 23, 2009 10:34 PM  
**To:** ENETestimony  
**Subject:** HB1271 HD3 Economic Development Task Force

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Senator Clayton Hee, Chair

Senator Jill N. Tokuda, Vice Chair

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator J. Kalani English, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair

Senator Rosalyn H. Baker, Vice Chair

Tuesday, March 24, 2009

2:45 p.m.

Conference Room 225

Aloha Chairs Hee, Gabbard and Fukunaga and Committee Members !

HB1271 HD3 establishes the Hawaii economic development task force to plan Hawaii's alternative energy and food security strategies. It recovers public value by taxing each barrel of petroleum product sold by a distributor. It also allocates portions of these public revenues to various funds, including the general fund. The requirement to use 10% ethanol fuel is suspended for 36 months.

Hawaii has better energy options, such as solar and wind power. Let's not drive out food production with competition for precious land and water resources by "biofuels"; that would be a waste we can't afford. Hawaii has maybe 11 days food supply? The only reason we are not self-reliant in food and energy is because somebody found a profit in distracting resources this way. This is a very bad time to subject us that again!

At the same time, other matters press around us, and we must evaluate things holistically. The task force must be mandated to take strategizing for the long term very seriously. This is a great opportunity to build community by engaging the issues people need gotten done. Do it for us.

PLEASE PASS THE BILL

Thanks very much for this hearing!

Charley Ice,

Citizen and Public Servant

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**From:** Cindy Babson [cindy@aylateva.com]  
**Sent:** Monday, March 23, 2009 8:36 PM  
**To:** ENETestimony  
**Subject:** Re: Support for a good bill

Please,  
Take note

I support measure HB 1271 HD3

It seems obvious, intelligent and wise to recognize the correlation of food and biofuel and that our self sufficiency in both areas, must be achieved in a clean, life enhancing manner, so that our island has a future!!! A place worthy of health, happiness and community harmony.

Forget foreign ethanol.

Thank you

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**From:** WTLTestimony  
**Sent:** Tuesday, March 24, 2009 11:16 AM  
**To:** ENETestimony; gabbard1 - Carlton  
**Subject:** FW: Testimony for HB1271 on 3/24/2009 2:45:00 PM

-----Original Message-----

**From:** mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]  
**Sent:** Tuesday, March 24, 2009 11:02 AM  
**To:** WTLTestimony  
**Cc:** orders08@mauiwatershed.org  
**Subject:** Testimony for HB1271 on 3/24/2009 2:45:00 PM

Testimony for WTL/ENE/EDT 3/24/2009 2:45:00 PM HB1271

Conference room: 225  
Testifier position: support  
Testifier will be present: No  
Submitted by: Pamela J Kantarova  
Organization: Individual  
Address: Kula  
Phone: 8088781706  
E-mail: [orders08@mauiwatershed.org](mailto:orders08@mauiwatershed.org)  
Submitted on: 3/24/2009

Comments: