

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

**HOUSE COMMITTEE ON AGRICULTURE
TESTIMONY REGARDING HB 1271 HD 1
RELATING TO GOVERNMENT**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 18, 2009

TIME: 9AM

ROOM: 312

This measure, among other things, modifies the current environmental response tax to be the "environmental response and energy and food security tax" and increases the tax from \$0.05 per barrel of imported oil to \$1.

The House Committee on Energy & Environmental Protection amended various provisions of the measure unrelated to the tax increase.

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

Notwithstanding the merits of this measure, this legislation represents one of the largest tax increases that will eventually impact the gasoline prices all Hawaii drivers pay. This measure effectively increases the tax on a barrel of oil by twenty times and has the potential to drastically slow the economy further due to the economies reliance on fuel for transportation and energy costs.

This legislation runs counter to reducing Hawaii's gas prices. In order to effectively minimize the high price of gasoline at the pump, tax increases such as this legislation, must be avoided.

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 legislation will result in a revenue increase of \$28.5 million in Fiscal Year 2010 and \$31.1 million in Fiscal Year 2011 and after.



COLLEGE OF SOCIAL SCIENCES
public policy center
UNIVERSITY OF HAWAI'I AT MĀNOA

Testimony of
Sharon Y. Miyashiro
Social Sciences Public Policy Center, University of Hawai'i at Mānoa

House Committee on Agriculture
Wednesday February 18, 2009, 9:00 a.m.
Conference Room 312

IN SUPPORT OF HB 1271, HD 1 – Relating to Government

I am Sharon Miyashiro, Associate Director of the Social Sciences Public Policy Center (“Center”) at the University of Hawai'i at Manoa and Co-chair of the Hawai'i Energy Policy Forum (“Forum”). I speak in support of the intent of HB 1271 HD1, which establishes the Hawai'i Energy and Food Security Task Force (“Task Force”) to advise the Legislature on the development of a roadmap and action plan to achieve food and energy independence and sustainability for Hawai'i.

The Task Force will take an interdisciplinary approach to seeking the most efficient and effective pathways for interagency, inter-sector, and state-county collaboration on balancing water, land, regulatory, and natural resource issues related to food and fuel production. The goal of the Task Force in maximizing opportunities to ensure food and energy security and sustainability is to develop a roadmap and action plan based on a comprehensive review of state and county agency objectives, mandates, programs, and resources; federal and private funds to address energy and food issues; as well as investigate various mechanisms and measures to achieve the goal of fuel and energy independence and sustainability for Hawaii. The resources needed to address these complex issues and develop recommendations to the Legislature are to be provided via the revenues to be generated by a proposed “energy and food security tax” provided in section 243-3.5, HRS.

The Center's mission to enhance the quality of community life through education, policy research, and civic engagement has involved our faculty in significant issues for the State. We know first-hand the importance of interdisciplinary and collaborative work to address significant public issues. Having worked on the Hawai'i 2050 Sustainability Plan and the Hawai'i Energy Policy Forum, the Center strongly supports the interdisciplinary and collaborative approach recommended by HB 1271 HD1; and strongly believes that such an approach is critical to successfully address this most significant and complex challenge for Hawai'i.

Hawai'i is vulnerable, being the most distant island state in the world and heavily reliant on imported fuel and food, thus the work of the Task Force proposed would be a major step forward to ensuring Hawai'i's sustainable future.

For the foregoing reasons, the Center appreciates the opportunity to work with the named Task Force members and to provide the necessary staffing, including sufficient funding, to achieve the goals and objectives of HB 1271 HD1. The Center, however, defers to the appropriate state agency(ies) regarding the funding sources cited in Section 3 of the bill.

Based on the foregoing, the UHM Social Sciences Public Policy Center **supports HB 1271 HD 1**. Thank you for the opportunity to testify.



HOUSE COMMITTEE ON AGRICULTURE

February 18, 2008, 9:00 A.M.

Room 312

(Testimony is 3 pages long)

TESTIMONY IN STRONG SUPPORT OF HB 1271 HD1, SUGGESTED AMENDMENT

Chair Tsuji and members of the committee:

The Blue Planet Foundation strongly supports House Bill 1271 HD, 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 HD1:

- Increase the oil surcharge to \$5 per barrel (approximately \$250 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 energy efficiency public benefit funds administrator, 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) (\$50 million);
 3. Significantly invest in smart grid infrastructure and energy storage (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 that they are currently investigating and deciding (\$5 million);
 5. Offer incentives for electric vehicle purchasers and for those installing public charge spots (\$10 million);
 6. Fund the activities of the energy office and greenhouse gas emissions reduction task force (\$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 (\$20 million); and
 8. Provide funding for other critical projects to create Hawaii's preferred energy future (\$10 million).

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6142 • blueplanetfoundation.org

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 sources¹. In addition, over 805,000 tons of coal are imported into our state². 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 annually³. 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

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 HD1 does, 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 (CO₂)⁴. 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

¹ The State of Hawaii Data Book, 2007

² *Ibid.*

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

⁴ At 23 lbs CO₂ produced per gallon oil and 42 gallons per barrel.

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 CO₂ 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 CO₂, the mid-range was \$27/ton CO₂, and the high was \$77/ton CO₂⁵. 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 HB1 wisely taps the source of our problem—imported oil—to fund clean energy programs.

House Bill 1271 HD1 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 ask that the Committee on Agriculture forward an amended HB 1271 HD1 that contains a \$5 per barrel surcharge with funding being allocated to the clean energy and energy efficiency programs as described on page 1 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.

⁵ The Gas Company, 1999. The Gas Company Integrated Resource Plan Report, Jan 28, 1999 Draft, Honolulu.



Conservation Council for Hawai'i

Testimony Submitted to the House Committee on Agriculture

Hearing: Wednesday, February 18, 2009

9:00 am

Room 312

Support for HB 1271 HD 1 Relating to Government

Aloha. My name is Marjorie Ziegler, and I am testifying on behalf of the Conservation Council for Hawai'i and its 6,000 members. We strongly support HB 1271 HD 1, which establishes the Hawai'i an increase in the oil surcharge from \$1 per barrel to \$5 per barrel (generating approximately \$250 million annually). We also recommend that majority of the funding raised by the surcharge is applied to a Clean Energy Investment Fund that is used for the following purposes:

1. Vastly increase the capacity of the energy efficiency public benefit funds administrator, 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) (\$50 million);
3. Significantly invest in smart grid infrastructure and energy storage (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 that they are currently investigating and deciding (\$5 million);
5. Offer incentives for electric vehicle purchasers and for those installing public charge spots (\$10 million);
6. Fund the activities of the energy office and greenhouse gas emissions reduction task force (\$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 (\$20 million); and
8. Provide funding for other critical projects to create Hawai'i's preferred energy future (\$10 million).

Please pass this bill out of committee. Mahalo for the opportunity to testify.



Working Today for the Nature of Tomorrow!

Telephone/Fax 808.533.0255 • email: info@conservahi.org • web: www@conservahi.org

P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 212 • Honolulu, HI 96814

Hawai'i Affiliate of the National Wildlife Federation

President: Julie Leialoha • Vice President: Nelson Ilo • Secretary: Douglas Lamerson • Treasurer: Kim Ramos

Directors: Maura O'Connor • Melora Purell • George Robertson • Executive Director: Marjorie Ziegler

February 18, 2009

Hawaii State legislature
State Capital
Honolulu, Hawaii 96813



**Support Testimony on
H.B. NO. 1271**

Relating To Hawai'i Food & Energy Security

COMMITTEE ON AGRICULTURE

Rep. Clift Tsuji, Chair
Rep. Jessica Wooley, Vice Chair

Thursday, February 18, 2009, 9:00 a.m., Conference Room 312

Enterprise Honolulu, the Oahu Economic Development Board, strongly **supports H.B 1271**, – to create a new Council and Task Force to provide direction and governing authority for 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.

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.



**ENTERPRISE
HONOLULU**

737 Bishop Street, Suite 2040, Honolulu, Hawaii 96813 • 808-521-3611
Fax: 808-536-2281 • www.EnterpriseHonolulu.com

THE BUSINESS CLIMATE OF PARADISE

With this fund the Hawai'i Food and Energy Security Council and Task Force will have the capacity to invest in renewable energy and local food production infrastructure and projects which can accelerate Hawai'i's transition to food and energy security.

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.
- 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 Council and Task Force proposed in HB 1271 can make happen.

Without the capacity, oversight, strategies and implementation of the Council, it is doubtful these tasks will be completed expeditiously in a coordinated and integrated manner that moves Hawai'i as quickly as possible to 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.
- Hundreds, perhaps thousands of new green collar and clean tech jobs and careers over the next two decades.
- 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 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 Agriculture Chair and Committee for taking this bold step.

Enterprise Honolulu, the Oahu Economic Development Board, supports HB 1271. We are committed to work with you to help make this legislation a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Strom". The signature is fluid and cursive, with a large initial "J" and "S".

John R. Strom
VP Business Development & Technology

Testimony of The Nature Conservancy of Hawai'i
Supporting H.B. 1271 HD1 Relating to Government
House Committee on Agriculture
Wednesday, February 18, 2009, 9:00am, Rm. 312

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.

The Nature Conservancy supports H.B. 1271 HD1, particularly the imposition of a reasonable tax increase on imported petroleum as a smart way to manage petroleum use, reduce carbon emissions, incentivize innovation, and help our state cope with the inevitable effects of climate change.

In addition to achieving important energy and food security goals, **we strongly recommend that the Committee and the Legislature consider incorporating provisions into the bill to plan for and help natural systems and communities cope with the challenges brought on by climate change.**

Climate change is an imminent and unprecedented threat to both natural systems (e.g., forests, coastlines, coral reefs, wetlands) and to every person in Hawaii 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 Hawaii, 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.

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
Bill D. Mills Wayne Minami Michael T. Pfeffer H. Monty Richards Jean E. Rolles Scott Rolles James Romig Eric Yeaman

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Energy and food security tax

BILL NUMBER: HB 1271, HD-1

INTRODUCED BY: House Committee on Energy and Environmental Protection

BRIEF SUMMARY: Amends HRS section 243-3.5 to rename the environmental response tax as the environmental response and energy and food security tax. Increases the rate of tax from 5 cents per barrel to \$1 on each barrel and provides that 5 cents of the tax shall be used to address concerns of drinking water; 2.5 cents shall be deposited into the energy systems development special fund and; _____ cents shall be used as provided by law.

Adds a new chapter to the HRS to establish the Hawaii energy and food security task force whose purpose is to develop and maintain a broad overview of energy and security issues that applies an interdisciplinary approach to ensure that energy and food policy development is integrated within the overall economic, social, environmental and cultural aspects of society.

Requires the task force to submit a report of its findings, recommendations, and proposed legislation to the 2011 legislature. The task force shall cease to exist on June 30, 2012.

Appropriates \$250,000 out of the energy systems development special fund in fiscal 2010 and the same amount in fiscal 2011 to support the work of the Hawaii energy and food security task force.

Makes conforming amendments to HRS section 128D-2.

STAFF COMMENTS: This measure proposes to rename the environmental response tax the environmental response and energy and food security tax and increase the tax from 5 cents to \$1 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 \$1 and provides that 5 cents of the tax shall be used to address concerns of drinking water; 2.5 cents shall be deposited into the energy systems development special fund and; _____ cents shall be used as provided by law.

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.

It should be remembered that the State Auditor has singled out this particular 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.

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.

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