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In reply, please refer to:
File:

HOUSE COMMITTEE ON FINANCE

S.B. 1260, SD 1, HSCR 1075, RELATING TO AIR POLLUTION FEES

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

**April 6, 2009
2:00 p.m.**

1 **Department's Position:** The Department of Health (DOH) opposes this measure because it represents a
2 significant fee increase for consumers that would not be prudent given the current economy.

3 **Fiscal Implications:** We estimate that about \$230,000 additional revenues will be collected depending
4 on the actual amount of pollutants emitted by the affected sources. Revenues go to the clean air special
5 fund which has restricted uses under federal law.

6 **Purpose and Justification:** This bill removes the maximum limit on annual fees assessed to any one
7 air pollution covered source. Covered sources are presently charged an annual fee based on the amount
8 of air pollutants emitted in the previous year up to 4,000 tons for any one pollutant. This measure
9 removes the 4,000-ton emissions cap which is felt to be inequitable for the smaller sources and a
10 disincentive for very large sources to reduce emissions.

11 The fee program was established in 1992 to support air program activities pursuant to Title V of
12 the Clean Air Act. The emissions cap was an option that Title V made available to states in designing
13 their fee program to lessen the annual fee burden on the very large sources. Retaining the cap provides

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1 continued relief for the electric generating facilities, and also their customers for which increased fees
2 are ultimately charged.

3 Records indicate that at most times only the HECO Kahe Generating Station on Oahu would be
4 affected by the removal of the emissions cap. Kahe's fees would increase about 45%, roughly from
5 \$510,000 to \$740,000 per year, depending on the actual amount of emissions emitted.

6 Thank you for this opportunity to testify.

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Sierra Club Hawai'i Chapter

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HOUSE COMMITTEE ON FINANCE

April 6, 2009, 2:00 P.M.
(*Testimony is 1 page long*)

TESTIMONY IN SUPPORT OF SB 1260 SD1

Aloha Chair Oshiro and Members of the Committee:

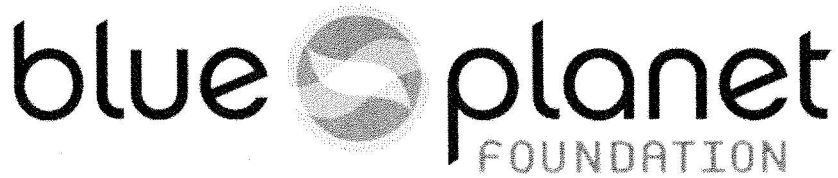
The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, strongly supports SB 1260 SD1, closing a loophole in Hawaii's existing Clean Air Act that allows large polluters to pay LESS per ton of air emissions they create. We request, however, that you amend this measure to make it effective upon approval.

A loophole exists in Hawaii's clean air law that inadvertently provides an incentive for large polluters. Under Chapter 342B-29, covered source permit holders pay per ton of pollution emitted annually. These fees fund the Department of Health's (DOH) Clean Air Branch and other programs. Covered source permit holders, however, are not assessed fees for any tons of pollutants beyond 4,000 tons. The current law is not only unfair to covered source permit holders that emit less than 4,000 tons, it provides disincentive to reduce pollution that exceeds 4,000 tons annually.

We understand that only two companies benefit from this clause: HECO and Chevron (only covered source permit holders that emit more than 4,000 tons of pollutants per year). Why shouldn't they pay the costs of emitting these pollutants like all other permitted businesses? Eliminating this clause would eliminate another subsidy for fossil fuels.

We note that the legislature is desperately looking for ways to resolve our current budget crisis. By removing this loophole in the Clean Air Act, additional funds could be provided for many current environmental activities or to balance the budget.

We respectfully ask that this Committee pass SB 1260 SD1, but amend it to make it effective upon approval. **Let's make the playing field fair again.** Thank you for this opportunity to provide testimony.



HOUSE COMMITTEE ON FINANCE

April 6, 2009, 2:00 P.M.

Room 308

(Testimony is 1 page long)

TESTIMONY IN STRONG SUPPORT OF SB 1260 SD1

Chair Oshiro and members of the committee:

The Blue Planet Foundation strongly supports SB 1260 SD1, closing a loophole in Hawaii's existing Clean Air Act that allows large polluters to pay LESS per ton of air emissions they create. In establishing clean energy policies, one of the first places to fix is laws that provide a perverse incentive to do the wrong thing. **Please amend this measure so that it becomes effective upon approval.**

A loophole exists in Hawaii's clean air law that inadvertently provides an incentive for large polluters. Under Chapter 342B-29, covered source permit holders pay per ton of pollution emitted annually. These fees fund the Department of Health's (DOH) Clean Air Branch and other programs. Covered source permit holders, however, are not assessed fees for any tons of pollutants beyond 4,000 tons. The current law is not only unfair to covered source permit holders that emit less than 4,000 tons, it provides disincentive to reduce pollution that exceeds 4,000 tons annually.

We understand that only Hawaiian Electric currently benefits from this clause (as the only covered source permit holder with more than 4,000 tons of pollutants per year). Why shouldn't they pay the costs of emitting these pollutants like all other permitted businesses? Eliminating this clause would eliminate another subsidy for fossil fuels, enabling clean energy sources to compete more fairly.

Moreover, the DOH environmental division and the Department of Business, Economic Development, and Tourism energy resources group is short of resources and staff to implement environmental and clean energy projects and manage the new greenhouse gas limit task force and rulemaking process. By removing this loophole in the Clean Air Act, additional funds could be provided for these purposes.

We respectfully ask that the Committee on Finance pass SB 1260 SD1 with an amendment to make the measure effective upon approval.

Thank you for the opportunity to testify.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

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