

Report Title:

Petroleum Industry Reporting

Description:

Suspends the Petroleum Industry Monitoring, Analysis, and Reporting Program until it is reinstated by the Legislature. Transfers unexpended and unencumbered moneys in the Petroleum Industry Monitoring, Analysis, and Reporting Special Fund to the general fund.

JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO PETROLEUM INDUSTRY REPORTING.

PURPOSE: The purpose of this bill is to temporarily relieve industry and government from the burdens of the petroleum industry monitoring, analysis and reporting (PIMAR) requirements by suspending: (1) The PIMAR program; (2) the weekly and monthly reporting of oil and gasoline prices by the oil industry to the Public Utilities Commission (PUC); and (3) the publication of the oil industry reports for each island by the PUC, for an indefinite period of time until further action by the Legislature.

MEANS: Suspend sections 486J-3, 486J-4, 486J-4.5, 486J-5, and 486J-5.5, Hawaii Revised Statutes.

JUSTIFICATION: Currently, sections 486J-3, 486J-4, 486J-4.5, 486J-5, and 486J-5.5, HRS, require the PUC to develop an automated PIMAR system, and collect and publish petroleum industry data from the oil industry.

The PUC has published weekly and monthly reports since September 2007. A majority of the information has been deemed confidential and, therefore, the commission is unable to make much of the information publicly available.

Although the petroleum industry remains a major part of the State's economy and it may be important to maintain the authority to investigate and oversee the industry if it is required in the future, this expensive and time-consuming monitoring system is no longer a high priority during these trying economic times. The petroleum industry is severely burdened and hampered by the

detailed and time-consuming requirements of the PIMAR system.

In addition, resources at the PUC are severely strained with furloughs and layoffs and its other regulatory responsibilities involving energy and electricity, telecommunications, water and sewer utilities, and transportation. A suspension of certain PIMAR requirements will allow the PUC to focus on higher priority regulatory matters. In total, this program suspension will save both the PUC and the petroleum industry approximately \$1,500,000 in annual reporting and publication costs.

Finally, this measure transfers all unexpended and unencumbered moneys in the PIMAR special fund to the general fund as the suspension of reporting and publication requirements will no longer require funding for the program. As of January 2010, the estimated fund balance is approximately \$800,000.

Impact on the public: Upon suspension of the program, policymakers, legislators, state agencies (i.e. Department of Business, Economic Development, and Tourism) and the general public will not have access to non-confidential petroleum industry reports published by the PUC.

Impact on the department and other agencies: The suspension of the collection and reporting will allow the PUC to utilize its resources on its other higher priority regulatory responsibilities, including the clean energy related initiatives being introduced by electric companies.

GENERAL FUND:

Transfers all unexpended and unencumbered moneys in the PIMAR special fund to the general fund at the close of fiscal year 2009-2010.

HB.No.2562

OTHER FUNDS: Transfers moneys out of the PIMAR special fund.

PPBS PROGRAM
DESIGNATION: BUF-901.

OTHER AFFECTED
AGENCIES: Department of Business, Economic
Development, and Tourism.

EFFECTIVE DATE: Upon approval.