

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 2421
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2421, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

begs leave to report as follows:

The purpose of this bill is to help provide a framework for a clean energy initiative and food sustainability by, among other things:

- (1) Removing the cap on the Environmental Response Revolving Fund;
- (2) Renaming the "Environmental Response Tax" the "Environmental Response, Energy, and Food Security Tax" and increasing the tax to \$1.05 per barrel of petroleum product, except for aviation fuel, which will be taxed at five cents per barrel;
- (3) Allocating moneys collected by the Environmental Response, Energy, and Food Security Tax to the Environmental Response Revolving Fund, Energy Security Special Fund, Energy Systems Development Special Fund, and the Agricultural Development and Food Security Special Fund;
- (4) Authorizing expenditures from the Energy Security Special Fund for various purposes to meet the objectives



- of the Hawaii clean energy initiative program and requiring annual reporting on use of the funds;
- (5) Exempting from the State's fuel tax sales of petroleum product used by a provider of commercial air transportation to transport persons or property;
 - (6) Establishing the Hawaii Economic Development Task Force;
 - (7) Creating the Agricultural Development and Food Security Special Fund, making unspecified appropriations from the fund for various agricultural projects, and requiring annual reporting on the use of the funds;
 - (8) Appropriating an unspecified amount from the Energy Security Special Fund to fund seven positions within the Hawaii Clean Energy Initiative Program;
 - (9) Establishing the Renewable Energy Branch within the Department of Business, Economic Development, and Tourism (DBEDT);
 - (10) Changing the existing position of the Renewable Energy Facilitator to a permanent position and appropriating an unspecified amount from the Energy Security Special Fund to fund the position;
 - (11) Creating the position of the Energy Program Administrator as a full-time, exempt position within DBEDT and appropriating an unspecified amount from the Energy Security Special Fund to fund the position;
 - (12) Establishing seven full-time temporary positions within DBEDT to support various planning and renewable-energy projects and appropriating an unspecified amount from the Energy Security Special Fund to fund the positions;
 - (13) Authorizing the Governor to establish positions necessary to manage renewable energy projects funded by federal grants; and
 - (14) Appropriating an unspecified amount from the Energy Security Special Fund to fund the Greenhouse Gas Emissions Reduction Task Force.



Enterprise Honolulu, the Oahu Economic Development Board; Sierra Club-Hawaii Chapter; The Chamber of Commerce of Hawaii; Hawaii Farm Bureau Federation; Blue Planet Foundation; and a concerned individual testified in support of this bill. The Department of Taxation, Department of Health, and Life of the Land opposed this measure. The Department of Budget and Finance, Department of the Attorney General, Tax Foundation of Hawaii, The Nature Conservancy, Hawaiian Airlines, and Airlines Committee of Hawaii provided comments.

Your Committee has amended this bill by:

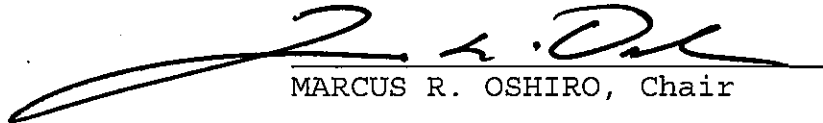
- (1) Deleting the tax on aviation fuel;
- (2) Removing the appropriation from the Energy Security Special Fund to fund seven positions within the Hawaii Clean Energy Initiative Program;
- (3) Deleting provisions that:
 - (A) Established the Renewable Energy Branch within DBEDT;
 - (B) Changed the existing position of the Renewable Energy Facilitator to a permanent position and appropriated moneys to fund the position;
 - (C) Created the position of the Energy Program Administrator as a full-time, exempt position within DBEDT and appropriated moneys to fund the position; and
 - (D) Established seven full-time temporary positions within DBEDT to support various planning and renewable-energy projects and appropriated moneys to fund the positions;
- (4) Appropriating an unspecified amount of funds for the Climate Change Task Force established pursuant to Act 20, Special Session Laws of 2009;
- (5) Including a one-time transfer of \$10,000,000 from the Energy Security Special Fund to the general fund;
- (6) Changing the effective date to July 1, 2020, to encourage further discussion; and



- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2421, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2421, H.D. 2.

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


MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 584 - 6

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 2421, HD1	Committee Referral: EEP/AGR, FIN	Date: 2/22/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to:				
<input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani	✓			
5. BROWER, Tom		✓		
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.		✓		
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III		✓		
13. TOKIOKA, James Kunane		✓		
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. FINNEGAN, Lynn			✓	
17. WARD, Gene			✓	
TOTAL (17)	11	4	2	0
The recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____ Marilyn B. Lee				
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