

STAND. COM. REP. NO. 353

Honolulu, Hawaii
Feb 17, 2011

RE: H.B. No. 1281
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and Economic Revitalization & Business, to which was referred H.B. No. 1281 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY ENTERPRISE ZONES,"

beg leave to report as follows:

The purpose of this bill is to reduce Hawaii's reliance on imported fossil fuels and stimulate the creation of businesses and jobs in the renewable energy field by establishing a renewable energy enterprise zone program that will initially consist of a single pilot project renewable energy enterprise zone in Kalaeloa, Oahu.

The Department of Hawaiian Home Lands; Sopogy, Inc.; Blue Planet Foundation; Hawaiian Electric Company; Maui Electric Company; and Hawaii Electric Light Company testified in support of this bill. The Department of Business, Economic Development, and Tourism (DBEDT) and Hawaii Community Development Authority supported the intent of this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Hawaii is one of the most fossil fuel dependent states in the nation, relying on imported oil for more than 92 percent of its energy needs. This makes our state vulnerable to economic disruption in the event of upheavals in the world oil market.

HB1281 HD1 HSCR EEP-ERB HMS 2011-2138



On the other hand, Hawaii is blessed with an abundance of renewable energy resources, including wind, solar, hydropower, geothermal, and ocean technologies such as wave energy and thermal energy conversion, and current law already requires the establishment of policies designed to increase energy self-sufficiency and energy security, including the use of renewable resources. Establishing renewable energy enterprise zones in the State that provide a range of county and state incentives will not only work toward reducing our dependence on imported fossil fuels, but will also stimulate our economic recovery by stimulating business and creating jobs in the renewable energy field.

Yet, your Committees note that, according to DBEDT, since Enterprise Zones (EZ) already exist in Hawaii, a better option would be to simply allow renewable enterprise activities in the EZ rather than establishing an entirely new program. Accordingly, your Committees have amended this bill by replacing its contents with language adding the production of electricity from solar energy for sale primarily to a public utility company for resale to the public as an eligible business activity in the EZ.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Economic Revitalization & Business that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1281, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1281, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Energy &
Environmental Protection and
Economic Revitalization &
Business,



ANGUS L.K. MCKELVEY, Chair

Denny Coffman Vice Chair

Hermina Morita
HERMINA MORITA, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 353

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 1281	Committee Referral: EEP/ERB, FIN	Date: 2/10/11		
<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)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. AWANA, Karen L.	✓			
4. BROWER, Tom	✓			
5. EVANS, Cindy	✓			
6. HASHEM, Mark J.	✓			
7. NISHIMOTO, Scott Y.	✓			
8. TOKIOKA, James Kunane	.			✓
9. TSUJI, Clift	✓			
10. MARUMOTO, Barbara C.	✓			
11. PINE, Kymberly Marcos				✓
TOTAL (11)	9	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				