

Honolulu, Hawaii

APR 29 2011 , 2011

RE: S.B. No. 146
S.D. 1
H.D. 2
C.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

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

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 146, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO BIOFUEL,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to expand the use of biofuels as a viable source of energy in Hawaii by requiring diesel fuel sold in the State for use in motor vehicles to contain five percent biodiesel that is produced in the State from locally-sourced products meeting certain certification standards.

Your Committee on Conference finds that the State needs to expand the use of biofuels as a viable source of energy in order to reduce dependence on imported fossil fuels and that the use of biofuels is consistent with the State's goals relating to renewable energy and sustainability.



Your Committee on Conference recognizes, however, that imposing a statutory requirement that diesel fuel sold in the State for use in motor vehicles contain five percent biodiesel may be premature at this time in view of the nascent nature of the industry and the uncertain availability of biomass crops in Hawaii to produce enough fuel to fulfill the mandate originally contemplated in this measure. Your Committee on Conference also recognizes that restricting the use of agricultural products for the production of biodiesel fuel to agricultural products grown in the State raises constitutional concerns and that the fuel distribution infrastructure in the State is not currently ready to accept biodiesel.

Accordingly, your Committee on Conference has amended this measure by:

- (1) Removing its contents and replacing them with language as originally contemplated in the S.D. 1, which:
 - (A) Directs the Department of Business, Economic Development, and Tourism to conduct a study exploring the conditions and policies necessary to expand biofuel production in the State in order to displace a significant amount of petroleum-based liquid fuel; and
 - (B) Requires the Department to provide a preliminary and a final report to the Legislature no later than twenty days prior to the Regular Session of 2012 and 2013, respectively, and include the following information, as it pertains to a variety of types of biofuel, in its reports:
 - (i) An estimate of the projected demand in the near-term, mid-term, and long-term for the biofuel's petroleum-based counterparts;
 - (ii) The availability of local biomass feedstock in the State and out-of state to meet existing and proposed biofuel production in the near-term, mid-term, and long-term;
 - (iii) Production estimates within the State and out-of-state for the near-term, mid-term, and long-term;



- (iv) Costs in the near-term, mid-term, and long-term for biofuel produced within the State and out-of-state;
- (v) A realistic timeline of production within the State;
- (vi) The status of the technology and ASTM standards;
- (vii) The benefits to the State's economy;
- (viii) The emissions compared to other biofuels and petroleum-based counterpart;
- (ix) The relative logistics of handling and usage;
- (x) The relative stability of supply and costs; and
- (xi) Recommendations including whether any specific biofuel mandate is necessary and whether the ethanol fuel requirement in section 486J-10, Hawaii Revised Statutes, should be maintained, modified, or repealed; and

(2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 146, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 146, S.D. 1, H.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

Denny Coffman

DENNY COFFMAN, Co-Chair

Joseph M. Souki

JOSEPH M. SOUKI, Co-Chair

Marcus R. Oshiro

MARCUS R. OSHIRO, Co-Chair

Mike Gabbard

MIKE GABBARD, Chair

J. Kalani English

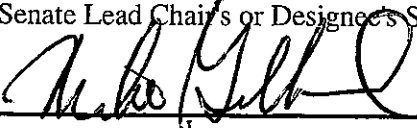

J. KALANI ENGLISH, Co-Chair

David Y. Ige

DAVID Y. IGE, Co-Chair



Hawaii State Legislature
Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 146, SD 1, HD 2					Date/Time: 4/29/11 5:22 pm.				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
GABBARD, Mike, Chr.	✓				COFFMAN, Denny, Co-Chr.	✓			
ENGLISH, J. Kalani, Co-Chr.	✓				SOUKI, Joseph M., Co-Chr.				✓
IGE, David Y., Co-Chr.	✓			✓	OSHIRO, Marcus R., Co-Chr.	✓			
				✓	CHONG, Pono	✓			✓
					ITO, Ken	✓			
					KAWAKAMI, Derek S.K.	✓			
					THIELEN, Cynthia	✓			
TOTAL	3	-	-	-	TOTAL	6	-	-	1
A = Aye		WR = Aye with Reservations			N = Nay			E = Excused	
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution:									
Original <i>File with Conference Committee Report</i>			Yellow <i>House Clerk's Office</i>		Pink <i>Senate Clerk's Office</i>		Goldenrod <i>Drafting Agency</i>		