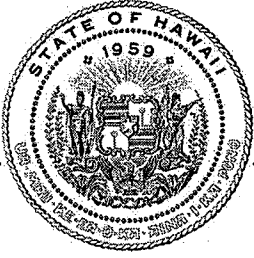


SB 715



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
INTERIM DIRECTOR

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Statement of
RICHARD C. LIM
Interim Director
Department of Business, Economic Development, and Tourism
before the
**COMMITTEE ON
WAYS AND MEANS**
Thursday, February 24, 2011
9 AM
State Capitol, Conference Room 211

in consideration of
SB715
RELATING TO GASOLINE.

Chair Ige, Vice Chair Kidani, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) opposes SB715, which would repeal the ten percent ethanol by volume requirement for gasoline sold in Hawaii for use in motor vehicles.

At the time the ethanol content requirement was enacted, it was stated that without local demand for ethanol, local supply was extremely unlikely to be developed. We believe that this is still the case. To repeal the requirement at this date would put potential projects in jeopardy; signal to those in the investment community a lack of our commitment to the goals of diversification of energy supplies and use of renewable fuels; and weaken our progress to meet the energy objectives of the State.

The potential for local biofuel production remains, and the potential benefits from local fuel production are still recognized as desirable. Currently there are two different biofuel

projects in the permitting phase, and several other projects under development, that are considering the production of ethanol from locally sourced feedstock. Ethanol is a renewable fuel that can be produced from sources such as cane, cassava, and cellulosic materials such as grasses and trees. Local biofuel feedstock production offers a means of preserving agricultural lands and jobs.

Since 2006 the State's ethanol content requirement has helped Hawaii reduce its consumption of petroleum in ground transportation, and will continue to contribute to the State's clean energy goals for transportation and fuels.

Therefore, we oppose SB715 and request that this bill be held.

Thank you for the opportunity to offer these comments.