

Honolulu, Hawaii

Feb 17, 2012

RE: H.B. No. 2669
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2669 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Encourage the development and construction of biofuel production facilities in Hawaii by creating an income tax credit for investments in the development and construction of qualified biofuel production facilities in the State; and
- (2) Clarify the circumstances under which an environmental assessment is required for an action proposing an oil refinery.

Aina Koa Pono; Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company; Hawaii BioEnergy; and International Longshore and Warehouse Union, Local 142 submitted testimony in support of this measure. The Department of Business, Economic Development, and Tourism; Pacific Biodiesel; and Hawaii Renewable Energy Alliance submitted testimony in support of the intent of this measure. The Office of Environmental Quality Control submitted testimony in



support of this measure with amendments. The Department of Taxation and Tax Foundation of Hawaii submitted comments on this measure.


Your Committee has amended this measure by:

- (1) Deleting the new definition of "oil refinery" that was to be added to section 343-2, Hawaii Revised Statutes;
- (2) Deleting language that environmental impact statements are required for any action that proposes an oil refinery; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that a similar measure that discusses larger facilities, H.B. 2262, is with your Committee on Finance and requests your Committee on Finance to consider consolidating these measures to the extent possible. Your Committee notes that special purpose revenue bonds may be a more appropriate way to finance the biofuel production facilities, rather than requiring tax payers that receive the tax credit to repay the full amount of the credit in ten years.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2669, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2669, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



DENNY COFFMAN, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

ASCR 591-12

Record of Votes of the Committee on Energy & Environmental Protection

| Bill/Resolution No.: HB 2669 | Committee Referral: EEP, FIN | Date: Feb 14, 2012 | | |
|---|---------------------------------|-----------------------|------|---------|
| <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) | | | | |
| EEP Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. COFFMAN, Denny (C) | ✓ | | | |
| 2. KAWAKAMI, Derek S.K. (VC) | ✓ | | | |
| 3. CABANILLA, Rida T.R. | ✓ | | | |
| 4. CARROLL, Mele | ✓ | | | |
| 5. CHANG, Jerry L. | ✓ | | | |
| 6. HAR, Sharon E. | ✓ | | | |
| 7. HERKES, Robert N. | | | | ✓ |
| 8. ITO, Ken | ✓ | | | |
| 9. NAKASHIMA, Mark M. | ✓ | | | |
| 10. RIVIERE, Gil | ✓ | | | |
| 11. THIELEN, Cynthia | ✓ | | | |
| TOTAL (11) | 10 | 0 | 0 | 1 |
| 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: _____ | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |