

STAND. COM. REP. NO. 1039-12

Honolulu, Hawaii
March 16, 2012

RE: S.B. No. 2339
S.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 Transportation, to which was referred S.B. No. 2339, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ETHANOL,"

begs leave to report as follows:

The purpose of this measure is to repeal the ten percent ethanol by volume requirement for gasoline sold in Hawaii for use in motor vehicles.

The Ocean Tourism Coalition testified in support of this measure. Pacific West Energy LLC and Pacific West Energy Kauai LLC testified in opposition to this measure. The Department of Business, Economic Development, and Tourism, and Western States Petroleum Association provided comments.

The intent of Hawaii's requirement that gasoline for internal combustion engines sold in the State contain at least ten percent ethanol was to reduce statewide gasoline consumption, to establish industrial plants to produce ethanol locally, and to achieve independence from foreign oil. However, since enacting the ethanol content requirement in 2006, the expected benefits have yet to be realized. To the contrary, the economic feasibility of producing ethanol in Hawaii and whether or not establishing ethanol contents in gasoline have reduced Hawaii's dependence on foreign oil have been brought into question. Also, questions and concerns have been raised regarding whether the use of ethanol-treated gasoline in marine engines and small gasoline engines have

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resulted in expensive repairs for individuals who own boats and watercraft. Additionally, on the global level, the production of fuel crops has replaced the production of food crops in the agricultural industry, thus causing the price of staple foods to increase.

While the goal of reducing Hawaii's dependence on fossil fuel is laudable, your Committee finds that too many questions remain on whether the requirement that gasoline sold in the State contain ten percent ethanol is achieving its intended purpose. Your Committee further believes that other forms of alternative energy and blends of fuel besides ethanol should be given further consideration.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2339, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Energy & Environmental Protection.

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



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

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Record of Votes of the Committee on Transportation

Bill/Resolution No.: SB 2339, SDI	Committee Referral: TRN, EEP, FIN	Date: 3/12/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. SOUKI, Joseph M. (C)	/			
2. ICHIYAMA, Linda (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. LEE, Marilyn B.	/			
6. LUKE, Sylvia	/			
7. SAIKI, Scott K.				✓
8. TAKUMI, Roy M.	/			
9. YAMASHITA, Kyle T.	/			
10. FONTAINE, George R.	/			
11. JOHANSON, Aaron Ling	/			
TOTAL (11)	10			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: <u><i>Linda Ichiyama</i></u>				
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