

TESTIMONY BY KALBERT K. YOUNG  
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEES ON ECONOMIC REVITALIZATION & BUSINESS  
AND ENERGY & ENVIRONMENTAL PROTECTION  
ON  
HOUSE BILL NO. 789

February 8, 2011

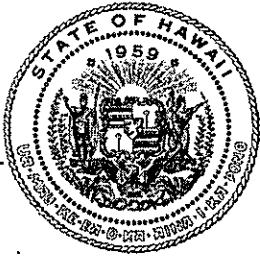
**LATE TESTIMONY**

RELATING TO BIOFUEL PRODUCTION FACILITIES

House Bill No. 789 establishes a biofuel production facility loan guarantee program administered by the Department of Business, Economic Development, and Tourism (DBEDT).

The Department would like to note that the program's aggregate \$1,000,000,000 loan guarantee amount will count towards the State's Debt limit and may affect the State's ability to issue general obligation bonds.

Pursuant to Article VII, Section 13 of the Constitution of the State of Hawaii, DBEDT is required to establish and maintain a reasonable reserve requirement for each loan guaranteed under this section. As the bill authorizes DBEDT to guarantee loans, DBEDT will be required to establish, fund, and maintain a reasonable reserve in order to meet the State Constitutional requirements to administer a loan guaranty program.



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

NEIL ABERCROMBIE  
GOVERNOR

RICHARD C. LIM  
INTERIM DIRECTOR

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**LATE TESTIMONY**

Statement of  
**RICHARD C. LIM**  
Interim Director

Department of Business, Economic Development, and Tourism  
before the

**COMMITTEES ON  
ECONOMIC REVITALIZATION & BUSINESS  
AND**

**ENERGY & ENVIRONMENTAL PROTECTION**

Tuesday, February 8, 2011

11:00 AM

State Capitol, Conference Room 325

in consideration of

**HB 789**

**RELATING TO BIOFUEL PRODUCTION FACILITIES.**

Chairs McKelvey and Morita, Vice Chairs Choy and Coffman, and members of the  
Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) has  
concerns about SB 789. We defer to the Department of Budget and Finance on matters relating  
to potential effects of establishing a loan guarantee program of up to one billion dollars, however,  
we oppose this bill.

We are concerned about the resources required to run an efficient and effective loan  
guarantee program, which requires extensive personnel and dedicated resources to conduct the  
appropriate and necessary financial loan qualification and underwriting criteria necessary to  
evaluate businesses. Financial institutions have dedicated entire departments to the qualification  
and underwriting processes for businesses. DBEDT does not have this level of personnel and  
dedicated resources.

We are also concerned about the role of, and impact on, the State in the event of a loan default placing the State as the responsible party as guarantor for the respective loans, especially during these challenging fiscal times that the State of Hawaii is presently facing.

Thank you for the opportunity to offer these comments.

# HAWAII RENEWABLE ENERGY ALLIANCE

LATE TESTIMONY

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## TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE HOUSE COMMITTEES ON ECONOMIC REVITALIZATION & BUSINESS , AND ENERGY & ENVIRONMENTAL PROTECTION

HB 789 RELATING TO BIOFUEL PRODUCTION FACILITIES

February 8, 2011

Chairs McKelvey and Morita, Vice-Chairs Choy and Coffman and members of the Committees, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purposes of SB 789 are to establish a biofuel production facility loan guarantee program administered by the department of business, economic development, and tourism; require adoption of rules; establish terms and restrictions; and require annual report.

HREA **supports the proposed measure** as it supports our clean energy objectives by helping to promote investment options for project developers.

Thank you for this opportunity to testify.