



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

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, February 23, 2012
9:00 AM
State Capitol, Conference Room 211
in consideration of
SB2339 SD1
RELATING TO ETHANOL.

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

The Department of Business, Economic Development, and Tourism (DBEDT) has concerns on SB2339 SD1, which would repeal the ten per cent ethanol by volume requirement for gasoline sold in Hawaii for use in motor vehicles.

During 2010 and 2011, Morgan Stanley data¹ shows that ethanol was consistently priced less than gasoline on an equivalent gallon basis, making it clear that the 10% ethanol mandate did not adversely impact the price of gasoline during that time.

No ethanol plants have yet been built in Hawaii, but several biofuels producers have left the door open to consider ethanol production. Therefore, it may be premature to repeal the ethanol blending law while local biofuels producers consider research, development and deployment (RD&D) projects in Hawaii.

Thank you for the opportunity to offer these comments.

¹ Sources: U.S. Energy Information Agency and Thomson Reuters, *Daily New York Harbor Conventional Gasoline Regular Spot Price FOB*; CBOT/OPIS for ethanol data.