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## A BILL FOR AN ACT

RELATING TO A DEPARTMENT OF ENERGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that energy is a  
2 compelling issue for the State of Hawaii. The legislature  
3 further finds that although renewable energy is an important  
4 economic driver in the State, it is also important in relation  
5 to issues of security, safety, and sustainability for the  
6 residents of the State.

7           The legislature also finds that various programs and  
8 positions relating to energy are currently bifurcated across  
9 several governmental agencies. This bifurcation has transformed  
10 regulatory agencies into advocacy agencies because they are not  
11 unified under a single cabinet-level director with a single  
12 mission statement.

13           The legislature further finds that keeping these energy  
14 positions and programs spread over various agencies causes  
15 conflicting goals and a focus on aspects of energy outside of  
16 the scope of these various agencies.

17           The purpose of this Act is to create the Hawaii department  
18 of energy, which shall be a cabinet-level agency with a focus on



1 energy and security development. Thus, the State will be able  
2 to more efficiently achieve its goals and upgrade its  
3 infrastructure. The department of energy will then be able to  
4 work with outside entities on acquiring capital investments and  
5 technical assistance. Creation of the department of energy will  
6 further allow the other agencies to refine their respective  
7 scopes of operation.

8 SECTION 2. Chapter 26, Hawaii Revised Statutes, is amended  
9 by adding a new section to be appropriately designated and to  
10 read as follows:

11 "§26- Department of energy. (a) The department of  
12 energy shall be headed by a single executive to be known as the  
13 director of energy.

14 (b) The department shall undertake energy development and  
15 management.

16 (c) The following are placed in the department of energy  
17 for administrative purposes as defined by section 26-35:  
18 natural energy laboratory of Hawaii authority and any other  
19 boards and commissions as shall be provided by law.

20 (d) The functions and authority heretofore exercised by  
21 the department of business, economic development, and tourism or



1 the energy resources coordinator are transferred to the  
2 department of energy established by this chapter."

3 SECTION 3. Section 26-4, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§26-4 **Structure of government.** Under the supervision of  
6 the governor, all executive and administrative offices,  
7 departments, and instrumentalities of the state government and  
8 their respective functions, powers, and duties shall be  
9 allocated among and within the following principal departments  
10 that are hereby established:

- 11 (1) Department of human resources development (Section 26-  
12 5)
- 13 (2) Department of accounting and general services (Section  
14 26-6)
- 15 (3) Department of the attorney general (Section 26-7)
- 16 (4) Department of budget and finance (Section 26-8)
- 17 (5) Department of commerce and consumer affairs (Section  
18 26-9)
- 19 (6) Department of taxation (Section 26-10)
- 20 (7) University of Hawaii (Section 26-11)
- 21 (8) Department of education (Section 26-12)
- 22 (9) Department of health (Section 26-13)



- 1 (10) Department of human services (Section 26-14)
- 2 (11) Department of land and natural resources (Section 26-
- 3 15)
- 4 (12) Department of agriculture (Section 26-16)
- 5 (13) Department of Hawaiian home lands (Section 26-17)
- 6 (14) Department of business, economic development, and
- 7 tourism (Section 26-18)
- 8 (15) Department of transportation (Section 26-19)
- 9 (16) Department of labor and industrial relations (Section
- 10 26-20)
- 11 (17) Department of defense (Section 26-21)
- 12 (18) Department of public safety (Section 26-14.6) [-]
- 13 (19) Department of energy."

14 SECTION 4. Section 26-18, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 **"§26-18 Department of business, economic development, and**  
17 **tourism.** (a) The department of business, economic development,  
18 and tourism shall be headed by a single executive to be known as  
19 the director of business, economic development, and tourism.

20 The department shall undertake statewide business and  
21 economic development activities, [~~undertake energy development~~  
22 ~~and management,~~] provide economic research and analysis, plan



1 for the use of Hawaii's ocean resources, and encourage the  
2 development and promotion of industry and international commerce  
3 through programs established by law.

4 (b) The following are placed in the department of  
5 business, economic development, and tourism for administrative  
6 purposes as defined by section 26-35: Aloha Tower development  
7 corporation, Hawaii community development authority, Hawaii  
8 housing finance and development corporation, high technology  
9 development corporation, land use commission, [~~natural energy~~  
10 ~~laboratory of Hawaii authority,~~] and any other boards and  
11 commissions as shall be provided by law.

12 The department of business, economic development, and  
13 tourism shall be empowered to establish, modify, or abolish  
14 statistical boundaries for cities, towns, or villages in the  
15 State and shall publish, as expeditiously as possible, an up-to-  
16 date list of cities, towns, and villages after changes to  
17 statistical boundaries have been made."

18 SECTION 5. Section 26-52, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 "**§26-52 Department heads and executive officers.** The  
21 salaries of the following state officers shall be as follows:



- 1           (1) The salary of the superintendent of education shall be  
2           set by the board of education at a rate no greater  
3           than \$150,000 a year;
- 4           (2) The salary of the president of the University of  
5           Hawaii shall be set by the board of regents;
- 6           (3) Effective July 1, 2004, the salaries of all department  
7           heads or executive officers of the departments of  
8           accounting and general services, agriculture, attorney  
9           general, budget and finance, business, economic  
10          development, and tourism, commerce and consumer  
11          affairs, Hawaiian home lands, health, human resources  
12          development, human services, labor and industrial  
13          relations, land and natural resources, public safety,  
14          taxation, and transportation shall be as last  
15          recommended by the executive salary commission.  
16          Effective July 1, 2007, and every six years  
17          thereafter, the salaries shall be as last recommended  
18          by the commission on salaries pursuant to section  
19          26-56, unless rejected by the legislature; [and]
- 20          (4) The salary of the adjutant general shall be \$85,302 a  
21          year. Effective July 1, 2007, and every six years  
22          thereafter, the salary of the adjutant general shall



1 be as last recommended by the commission on salaries  
2 pursuant to section 26-56, unless rejected by the  
3 legislature, except that if the state salary is in  
4 conflict with the pay and allowance fixed by the  
5 tables of the regular army or air force of the United  
6 States, the latter shall prevail[-]; and

7 (5) The salary of the director of energy shall be \$ \_\_\_\_\_ a  
8 year. Effective July 1, 2019, and every six years  
9 thereafter, the salary of the director of energy shall  
10 be as last recommended by the commission on salaries  
11 pursuant to section 26-56, unless rejected by the  
12 legislature."

13 SECTION 6. Section 26-56, Hawaii Revised Statutes, is  
14 amended by amending subsection (b) to read as follows:

15 "(b) The commission shall review and recommend an  
16 appropriate salary for the governor, lieutenant governor,  
17 members of the legislature, justices and judges of all state  
18 courts, administrative director of the State or an equivalent  
19 position, and department heads or executive officers and the  
20 deputies or assistants to the department heads of the  
21 departments of:

22 (1) Accounting and general services;



- 1           (2) Agriculture;
- 2           (3) The attorney general;
- 3           (4) Budget and finance;
- 4           (5) Business, economic development, and tourism;
- 5           (6) Commerce and consumer affairs;
- 6           (7) Defense;
- 7           (8) Energy;
- 8           [~~(8)~~] (9) Hawaiian home lands;
- 9           [~~(9)~~] (10) Health;
- 10          [~~(10)~~] (11) Human resources development;
- 11          [~~(11)~~] (12) Human services;
- 12          [~~(12)~~] (13) Labor and industrial relations;
- 13          [~~(13)~~] (14) Land and natural resources;
- 14          [~~(14)~~] (15) Public safety;
- 15          [~~(15)~~] (16) Taxation; and
- 16          [~~(16)~~] (17) Transportation.

17           The commission shall not review the salary of any position  
18 in the department of education or the University of Hawaii.

19           The commission may recommend different salaries for  
20 department heads and executive officers and different salary  
21 ranges for deputies or assistants to department heads; provided  
22 that the commission shall recommend the same salary range for





1 deputies or assistants to department heads within the same  
2 department; provided further that the appointing official shall  
3 specify the salary for a particular position within the  
4 applicable range.

5 The commission shall not recommend salaries lower than  
6 salary amounts recommended by prior commissions replaced by this  
7 section."

8 SECTION 7. Section 196-3, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 "~~§196-3~~ **Energy resources coordinator.** The director of  
11 [~~business, economic development, and tourism~~] energy shall serve  
12 as energy resources coordinator."

13 SECTION 8. Section 196-10, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "~~[§196-10]~~ **Hawaii renewable hydrogen program.** There  
16 is established, within the department of [~~business, economic~~  
17 ~~development, and tourism,~~] energy, a Hawaii renewable hydrogen  
18 program to manage the State's transition to a renewable hydrogen  
19 economy. The program shall design, implement, and administer  
20 activities that include:



- 1           (1) Strategic partnerships for the research, development,  
2           testing, and deployment of renewable hydrogen  
3           technologies;
- 4           (2) Engineering and economic evaluations of Hawaii's  
5           potential for renewable hydrogen use and near-term  
6           project opportunities for the State's renewable energy  
7           resources;
- 8           (3) Electric grid reliability and security projects that  
9           will enable the integration of a substantial increase  
10          of electricity from renewable energy resources on the  
11          island of Hawaii;
- 12          (4) Hydrogen demonstration projects, including  
13          infrastructure for the production, storage, and  
14          refueling of hydrogen vehicles;
- 15          (5) A statewide hydrogen economy public education and  
16          outreach plan focusing on the island of Hawaii, to be  
17          developed in coordination with Hawaii's public  
18          education institutions;
- 19          (6) Promotion of Hawaii's renewable hydrogen resources to  
20          potential partners and investors;
- 21          (7) A plan, for implementation [~~during the years 2007 to~~]  
22          until the year 2010, to more fully deploy hydrogen

- 1 technologies and infrastructure capable of supporting  
2 the island of Hawaii's energy needs, including:
- 3 (A) Expanded installation of hydrogen production  
4 facilities;
  - 5 (B) Development of integrated energy systems,  
6 including hydrogen vehicles;
  - 7 (C) Construction of additional hydrogen refueling  
8 stations; and
  - 9 (D) Promotion of building design and construction  
10 that fully incorporates clean energy assets,  
11 including reliance on hydrogen-fueled energy  
12 generation;
- 13 (8) A plan, for implementation [~~during the years 2010 to~~  
14 until the year 2020, to transition the island of  
15 Hawaii to a hydrogen-fueled economy and to extend the  
16 application of the plan throughout the State; and
- 17 (9) Evaluation of policy recommendations to:
    - 18 (A) Encourage the adoption of hydrogen-fueled  
19 vehicles;
    - 20 (B) Continually fund the hydrogen investment capital  
21 special fund; and



1 (C) Support investment in hydrogen infrastructure,  
2 including production, storage, and dispensing  
3 facilities."

4 SECTION 9. Section 196-10.5, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "[~~§~~§196-10.5[~~]~~] **Hawaii clean energy initiative program.**

7 (a) There is established within the department of [~~business,~~  
8 ~~economic development, and tourism,~~] energy, a Hawaii clean  
9 energy initiative program to manage the State's transition to a  
10 clean energy economy. The clean energy program shall design,  
11 implement, and administer activities that include:

- 12 (1) Strategic partnerships for the research, development,  
13 testing, deployment, and permitting of clean and  
14 renewable technologies;
- 15 (2) Engineering and economic evaluations of Hawaii's  
16 potential for near-term project opportunities for the  
17 State's renewable energy resources;
- 18 (3) Electric grid reliability and security projects that  
19 will enable the integration of a substantial increase  
20 of electricity from renewable-energy resources;



1 (4) A statewide clean energy public education and outreach  
2 plan to be developed in coordination with Hawaii's  
3 institutions of public education;

4 (5) Promotion of Hawaii's clean and renewable resources to  
5 potential partners and investors;

6 (6) A plan, to be implemented [~~from 2011 to~~] until 2030,  
7 to transition the State to a clean energy economy; and

8 (7) A plan, to be implemented [~~from 2011 to~~] until 2030,  
9 to assist each county in transitioning to a clean  
10 energy economy.

11 (b) Prior to the initiation of any activities authorized  
12 under subsection (a), the department of [~~business, economic  
13 development, and tourism~~] energy shall develop a plan of action  
14 with the intent of promoting effective prioritization and  
15 focusing of efforts consistent with the State's energy programs  
16 and objectives.

17 (c) The department of [~~business, economic development, and  
18 tourism~~] energy shall submit a report to the legislature no  
19 later than twenty days prior to the convening of each regular  
20 session on the status and progress of new and existing clean  
21 energy initiatives. The report shall also include:



- 1 (1) The spending plan of the Hawaii clean energy  
2 initiative program;
- 3 (2) All expenditures of energy security special fund  
4 moneys; and
- 5 (3) The targeted markets of the expenditures, including  
6 reasons for selecting those markets, the persons to be  
7 served, specific objectives of the program, and  
8 program expenditures, including measurable outcomes."

9 SECTION 10. Section 196-41, Hawaii Revised Statutes, is  
10 amended to read as follows:

- 11 "[~~H~~§196-41~~H~~] **State support for achieving renewable**  
12 **portfolio standards.** (a) The department of land and natural  
13 resources and department of [~~business, economic development, and~~  
14 ~~tourism~~] energy shall facilitate the private sector's  
15 development of renewable energy projects by supporting the  
16 private sector's attainment of the renewable portfolio standards  
17 in section 269-92. Both departments shall provide meaningful  
18 support in areas relevant to the mission and functions of each  
19 department as provided in this section, as well as in other  
20 areas the directors of each department may deem appropriate.
- 21 (b) The department of land and natural resources shall:



1 (1) Develop and publish a catalog by December 31, 2006,  
2 and every five years thereafter, of potential sites  
3 for the development of renewable energy; and

4 (2) Work with electric utility companies and with other  
5 renewable energy developers on all applicable planning  
6 and permitting processes to expedite the development  
7 of renewable energy resources.

8 (c) The department of [~~business, economic development, and~~  
9 ~~tourism~~] energy shall:

10 (1) Develop a program to maximize the use of renewable  
11 energy and cost-effective conservation measures by  
12 state government agencies;

13 (2) Work with federal agencies to develop as much  
14 research, development and demonstration funding, and  
15 technical assistance as possible to support Hawaii in  
16 its efforts to achieve its renewable portfolio  
17 standards; and

18 (3) Biennially, beginning in January [~~2006,~~] 2014, issue a  
19 progress report to the governor and legislature."

20 SECTION 11. Section 196-61, Hawaii Revised Statutes, is  
21 amended by amending the definitions of "department" and  
22 "director" to read as follows:



1            ""Department" means the department of [~~business, economic~~  
2 ~~development, and tourism,~~] energy, or any successor by law.

3            "Director" means the director of [~~business, economic~~  
4 ~~development, and tourism,~~] energy, or the director's designee."

5            SECTION 12. Section 227D-2, Hawaii Revised Statutes, is  
6 amended by amending subsections (a) and (b) to read as follows:

7            "(a) There is established the natural energy laboratory of  
8 Hawaii authority, which shall be a body corporate and politic  
9 and an instrumentality and agency of the State. The authority  
10 shall be placed within the department of [~~business, economic~~  
11 ~~development, and tourism,~~] energy for administrative purposes,  
12 pursuant to section 26-35. The purpose of the natural energy  
13 laboratory of Hawaii authority shall be to facilitate research,  
14 development, and commercialization of natural energy resources  
15 and ocean-related research, technology, and industry in Hawaii  
16 and to engage in retail, commercial, or tourism activities that  
17 will financially support that research, development, and  
18 commercialization at a research and technology park in Hawaii.  
19 Its duties shall include:

20            (1) Establishing, managing, and operating facilities that  
21                provide sites for:

22                (A) Research and development;





- 1 (B) Commercial projects and businesses utilizing
- 2 natural resources, such as ocean water or
- 3 geothermal energy;
- 4 (C) Compatible businesses engaged in scientific and
- 5 technological investigations, or retail,
- 6 commercial, and tourism activities; and
- 7 (D) Businesses or educational facilities that support
- 8 the primary projects and activities;
- 9 (2) Providing support, utilities, and other services to
- 10 facility tenants and government agencies;
- 11 (3) Maintaining the physical structure of the facilities;
- 12 (4) Promoting and marketing these facilities;
- 13 (5) Promoting and marketing the reasonable utilization of
- 14 available natural resources;
- 15 (6) Supporting ocean research and technology development
- 16 projects that support national and state interests,
- 17 use facilities and infrastructure in Hawaii, and
- 18 foster potential commercial development; and
- 19 (7) Engaging in retail, commercial, and tourism activities
- 20 that are not related to facilitating research,
- 21 development, and commercialization of natural energy
- 22 resources in Hawaii; provided that all income derived



1 from these activities shall be deposited in the  
2 natural energy laboratory of Hawaii authority special  
3 fund.

4 (b) The governing body of the authority shall consist of a  
5 board of directors having thirteen voting members. Three  
6 members from the general public shall be appointed by the  
7 governor for staggered terms pursuant to section 26-34, except  
8 that one of these members shall be a resident of the county of  
9 Hawaii. The members shall be selected on the basis of their  
10 knowledge, interest, and proven expertise in, but not limited  
11 to, one or more of the following fields: finance, commerce and  
12 trade, corporate management, marketing, economics, engineering,  
13 energy management, real estate development, property management,  
14 aquaculture, and ocean science. The chairperson and secretary  
15 of the research advisory committee shall serve on the board.  
16 The director of [~~business, economic development, and tourism,~~  
17 energy, the chairperson of the board of land and natural  
18 resources, the president of the University of Hawaii, the mayor  
19 of the county of Hawaii, an appointed member from the board of  
20 the high technology development corporation, and an appointed  
21 member from the board of the Hawaii strategic development  
22 corporation, or their designated representatives, shall serve as



1 ex officio, voting members of the board. The tenants of the  
2 authority shall elect two members to the board from among the  
3 tenants of the authority, of which one member shall serve a two-  
4 year term, and one member shall serve a four-year term. In  
5 electing the tenant members, each tenant shall be entitled to  
6 cast one vote for each member position. The tenant members  
7 shall be recused from voting on setting lease rents, water  
8 rates, or utility rates, but may participate in discussions.  
9 The director of [~~business, economic development, and tourism~~  
10 energy] shall serve as the chairperson until such time as a  
11 chairperson is elected by the board from the membership. The  
12 board shall elect other officers as it deems necessary."

13 SECTION 13. All rights, powers, functions, and duties of  
14 the department of business, economic development, and tourism  
15 relating to energy development and management are transferred to  
16 the department of energy.

17 All employees who occupy civil service positions and whose  
18 functions are transferred to the department of energy by this  
19 Act shall retain their civil service status, whether permanent  
20 or temporary. Employees shall be transferred without loss of  
21 salary, seniority (except as prescribed by applicable collective  
22 bargaining agreements), retention points, prior service credit,



1 any vacation and sick leave credits previously earned, and other  
2 rights, benefits, and privileges, in accordance with state  
3 personnel laws and this Act; provided that the employees possess  
4 the minimum qualifications and public employment requirements  
5 for the class or position to which transferred or appointed, as  
6 applicable; provided further that subsequent changes in status  
7 may be made pursuant to applicable civil service and  
8 compensation laws.

9 Any employee who, prior to this Act, is exempt from civil  
10 service and is transferred as a consequence of this Act may  
11 retain the employee's exempt status, but shall not be appointed  
12 to a civil service position as a consequence of this Act. An  
13 exempt employee who is transferred by this Act shall not suffer  
14 any loss of prior service credit, vacation or sick leave credits  
15 previously earned, or other employee benefits or privileges as a  
16 consequence of this Act; provided that the employees possess  
17 legal and public employment requirements for the position to  
18 which transferred or appointed, as applicable; provided further  
19 that subsequent changes in status may be made pursuant to  
20 applicable employment and compensation laws. The director of  
21 energy may prescribe the duties and qualifications of these



1 employees and fix their salaries without regard to chapter 76,  
2 Hawaii Revised Statutes.

3 SECTION 14. All appropriations, records, equipment,  
4 machines, files, supplies, contracts, books, papers, documents,  
5 maps, and other personal property heretofore made, used,  
6 acquired, or held by the department of business, economic  
7 development, and tourism relating to the functions transferred  
8 to the department of energy shall be transferred with the  
9 functions to which they relate.

10 SECTION 15. All rules, policies, procedures, guidelines,  
11 and other material adopted or developed by the department of  
12 business, economic development, and tourism to implement  
13 provisions of the Hawaii Revised Statutes which are reenacted or  
14 made applicable to the department of energy by this Act, shall  
15 remain in full force and effect until amended or repealed by the  
16 department of energy pursuant to chapter 91, Hawaii Revised  
17 Statutes. In the interim, every reference to the department or  
18 business, economic development, and tourism or director of  
19 business, economic development, and tourism in those rules,  
20 policies, procedures, guidelines, and other material is amended  
21 to refer to the department of energy or director of energy as  
22 appropriate.

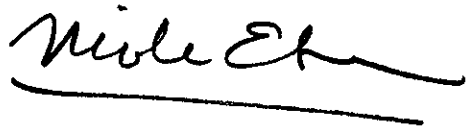


1 SECTION 16. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 17. This Act shall take effect on July 1, 2014.

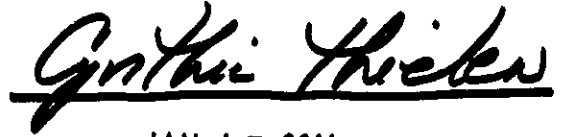
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INTRODUCED BY: 









JAN 17 2014



# H.B. NO. 1997

**Report Title:**

Department of Energy; Established

**Description:**

Establishes a department of energy. Transfers energy development and management functions of DBEDT to the new department.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

