

STAND. COM. REP. NO.

2996

Honolulu, Hawaii

MAR 21 2014

RE: H.B. No. 2312
H.D. 2
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred H.B. No. 2312, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE ENVIRONMENTAL RESPONSE,
ENERGY, AND FOOD SECURITY TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to change the amount of the environmental response, energy, and food security tax, also known as the barrel tax, that shall be deposited into the environmental response revolving fund from 5 cents of the tax on each barrel to an unspecified amount to support environmental activities and programs.

Your Committee received testimony in support of this measure from the Department of Health; Department of Business, Economic Development, and Tourism; Hawaii Energy Policy Forum; The Nature Conservancy of Hawaii; and Hawaii's Thousand Friends. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the Department of Health receives 5 cents from the \$1.05 barrel tax, levied on barrels of crude oil imported into the State. These monies are deposited into the environmental response revolving fund, which supports oil spill response and environmental clean ups. However, the environmental response revolving fund balance is dangerously low due to reduced consumption of crude oil, while the demand for hazard evaluation



and response has increased in recent years due to events like the Tohoku earthquake and tsunami, Honolulu Harbor molasses spill, and several ground soil contaminations. It is essential to protect Hawaii's beaches from oil pollution and protect Hawaii's residents and visitors from contamination by harmful chemical and other hazardous material contaminants.

Your Committee has amended this measure by:

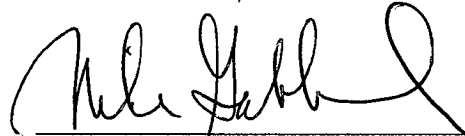
- (1) Amending language in section 1 to clarify the purpose of this measure;
- (2) Inserting language to re-establish the energy systems development special fund;
- (3) Clarifying that the Hawaii Natural Energy Institute shall administer the energy systems development special fund and may expend revenues of the special fund for certain activities;
- (4) Inserting language to require evaluations of the projects and activities funded by the energy systems development special fund;
- (5) Inserting language requiring the Hawaii Natural Energy Institute to develop a plan of action in coordination with the State Energy Resources Coordinator that are consistent with the State's energy programs;
- (6) Inserting language to extend the sunset date of the environmental response, energy, and food security tax to June 30, 2030;
- (7) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2312, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2312,



H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



MIKE GABBARD, Chair



