

Honolulu, Hawaii

March 21, 2014

RE: S.B. No. 2198
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred S.B. No. 2198, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE FUELS,"

begs leave to report as follows:

The purpose of this measure is to create a Renewable Fuels Task Force within the Department of Business, Economic Development, and Tourism to perform a feasibility study on:

- (1) Requiring locally produced renewable fuels to account for at least ten percent of a distributor's annual sales of fuels for motor vehicles;
- (2) Requiring a mixture of up to five percent of locally produced biofuels to be included in purchasable diesel fuels; and
- (3) Locally produced renewable fuels that meet relevant international specifications.

The Alliance of Automobile Manufacturers, Pacific Biodiesel Technologies, and Hawaii Renewable Energy Alliance testified in support of this measure. The Department of Business, Economic Development, and Tourism testified in support of the intent of this bill. Chevron Products Company and Hawaii Independent Energy provided comments.

SB2198 HD1 HSCR EDB HMS 2014-2753



In recent years, Hawaii has seen significant growth in renewable energy adoption moving the State toward its renewable energy goals. However, while Hawaii locally produces about 14 percent of its electricity from renewable sources, including photovoltaic systems and wind energy, far less renewable fuels are used, particularly for transportation needs.

As transportation fuels account for about two-thirds of all the energy consumed in Hawaii and nearly all of Hawaii's energy for transportation comes from imported fuels, Hawaii finds itself far behind in achieving its renewable goals for transportation. Without increased renewable fuel production from sources indigenous to Hawaii, the State will have virtually no fuel available for critical transportation needs if and when imported fuels stop flowing to Hawaii.

Although attempts to provide energy independence from foreign oil and reduce statewide gasoline consumption through the use of locally produced ethanol have been tried in the past, further investigation and study of renewable fuels and biofuels as a source of renewable energy is needed due to changing technology, including mechanical requirements for the use of such fuels.

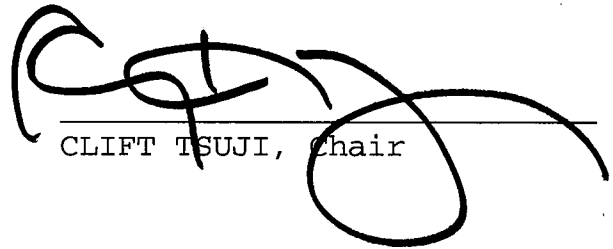
Your Committee finds that creating a task force to study the feasibility of requiring fuel sales to include locally produced renewable fuels and biofuels, and to propose related legislation, would advance the State's goals of decreasing dependence on foreign oil, reducing gasoline consumption, and producing fuels locally. However, your Committee also notes that Act 203, Session Laws of Hawaii 2011, required the Department of Business, Economic Development, and Tourism to conduct a study on the conditions and policies necessary to expand biofuel production in the State to displace a significant amount of petroleum-based liquid fuel. Your Committee has been informed that the report required by that Act has been submitted to the Legislature but your Committee has not had the opportunity to review the report.

As that report is relevant to the measure at hand, your Committee requested the Department of Business, Economic Development, and Tourism to provide copies of the report to committee members for review and to provide copies of the report to the Committee on Finance. Your Committee also respectfully requests the Committee on Finance to review the report when considering whether to proceed on this measure.



As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2198, S.D. 1, H.D. 1, and recommends that it be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



CLIFT TSUJI, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

HSCR 1145-14

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: <i>SB2198, SD1, HD1</i>	Committee Referral: <i>EEP, EDB, FIN</i>	Date: <i>3/18/14</i>		
<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)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. WARD, Gene (VC)	/			
3. AWANA, Karen	/			
4. BROWER, Tom	/			
5. CACHOLA, Romy M.		/		
6. ITO, Ken	/			
7. CHOY, Isaac W.	/			
8. OHNO, Takashi	/			/ <i>18</i>
9. ONISHI, Richard H.K.		/		
10. TOKIOKA, James Kunane	/			
11. WOOLEY, Jessica	/			
TOTAL (11)	9	2		
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: <i>[Signature]</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				