



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEE ON
AGRICULTURE**
And
COMMERCE AND CONSUMER PROTECTION
Thursday, March 27, 2014
2:45 p.m.
State Capitol, Conference Room 229
in consideration of
HB 1938
RELATING TO MEASUREMENT STANDARDS.

Chairs Nishihara and Baker, Vice Chairs Kouchi and Taniguchi, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports amending the fuels specification standards to align with those currently set by the American Society for Testing and Materials (ASTM) and Society of Automotive Engineers (SAE).

HB 1938 is in response to a finding of the Refinery Task Force Interim Report as reported to Gov. Abercrombie on November 15, 2013, calling for modification of Hawaii's gasoline specifications to mitigate the impacts of a potential refinery closure. This is a housekeeping measure addressing inconsistencies in Hawaii gasoline specifications, current overall U.S. requirements and other laws and administrative rules in effect in Hawaii.

This measure also updates rules adopted by the Department of Business, Economic Development & Tourism in 2006 and fuel specification rules currently in effect under the Department of Agriculture. The state law requiring a 10% blend ethanol blend for motor gasoline was adopted into statute to promote the agriculture industry in 1994. Subsequently, DBEDT adopted administrative rules requiring 85% of all motor gasoline distributed in Hawaii contain 10% ethanol (E10). The Department of Agriculture fuels specification rules were not updated to current/accurate ASTM standards and therefore it is not feasible to comply with both the outdated fuel specifications and the current ethanol mandate.

We support Chevron's amendment to change to the specific ASTM reference.

Thank you for the opportunity to offer these comments on HB1938.

NEIL ABERCROMBIE
Governor



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

KEN H. KAKESAKO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
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**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEES ON AGRICULTURE AND COMMERCE AND
CONSUMER PROTECTION
THURSDAY, MARCH 27, 2014
ROOM 229
2:45 P.M.**

**HOUSE BILL NO. 1938
RELATING TO MEASUREMENT STANDARDS**

Chairpersons Nishihara and Baker Members of the Committees:

Thank you for this opportunity to provide testimony on House Bill 1938, which proposes to stipulate that current standards as published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted for use by the Hawaii Department of Agriculture (HDOA).

The Department adopts ASTM and SAE standards through the Hawaii Administrative Rules. In lieu of updating the standards by statute, we respectfully request deferral of the bill so that we may be able to work with the automotive fuel industry to update the applicable standards through rulemaking pursuant to chapter 91.

Thank you for the opportunity to testify on this measure.





Chevron Products Company
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Kapolei, HI 96707
Tel 808 682 2313
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Thursday, March 27, 2014 / 2:45 p.m.
Hawaii State Capitol, Room 229

House Bill 1938: Relating to Measurements Standards

Aloha Chair Nishihara and Vice Chair Kouchi, Chair Baker and Vice Chair Taniguchi, and members of the Senate committees on Agriculture and Consumer Protection & Commerce,

We are writing in support of House Bill 1938 and to propose amendments to the bill.

HB 1938 is intended as a housekeeping measure and provides that current standards as published by the American Society for Testing and Materials and the Society for Automotive Engineers are adopted for use by the Measurement and Standards Branch of the Department of Agriculture. This bill seeks to clarify Section 486-56, Hawaii Revised Statutes, by adding the word "current" to the existing language of law.

This bill is necessitated by an inconsistency between rules adopted by the Department of Business, Economic Development & Tourism in 2006 and fuel specifications rules then (and now) in effect under the Department of Agriculture.

The state law requiring a 10% blend ethanol blend for motor gasoline was adopted into statute to promote the agriculture industry in 1994, 20 years ago. Subsequently, DBEDT adopted administrative rules requiring 85% of all motor gasoline distributed in Hawaii contain 10% ethanol (E10) was adopted by DBEDT. Allowing for an 18-month transition period, E10 was started in Hawaii in April 2006.

The Department of Agriculture fuels specification rules were not updated to current/accurate ASTM standards and therefore it is not feasible to comply with both the outdated fuel specifications and the current ethanol mandate.

Governor Neil Abercrombie's Refinery Task Force has discussed the inconsistency and recommended that revisions be made to update the fuel specifications. Members of the industry have been requesting just such a change dating back over half a dozen years.

It is crucial that Hawaii gasoline specifications be consistent with current overall U.S. requirements and with other laws and administrative rules in effect here in Hawaii.

This bill references the “current” ASTM specifications. We respectfully propose an amendment to confine the change just to that which is necessitated by the ethanol blending mandate – the specific ASTM reference, ASTM D4814, noted below and in the interest of clarity to specify that the 2013 version is adopted.

“The ~~current~~ standards is published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted except as amended or modified by rule of the board pursuant to chapter 91. The board may also adopt rules on the advertising, labeling, standards for, handling, storing, dispensing, and selling of petroleum products.

Notwithstanding the foregoing, rules adopted by the board specifically referring to ASTM D4814 shall be deemed to refer to the version ASTM D4814-13b adopted in 2013, as modified by the version of NIST Handbook 130, Part G, Section 2.1 adopted in 2013.”

SECTION 2. Statutory material to be repealed as bracketed and stricken. New statutory material in underscored.

SECTION. This Act shall take effect upon its approval.”

We look forward to participating collaboratively with the legislature and stakeholders to address the inconsistency currently existing between the DBEDT and Department of Agriculture rules.



TO: SENATE COMMITTEES ON AGRICULTURE AND COMMERCE AND
CONSUMER PROTECTION
Sen. Clarence K. Nishihara and Sen. Rosalyn H. Baker, Chairs
Sen. Ronald D. Kouchi and Sen. Brian T. Taniguchi, Vice Chairs

FROM: K. Sayle Hirashima
VP/CFO, Mid Pac Petroleum, LLC

HEARING

DATE: Thursday, March 27, 2014
TIME: 2:45 p.m.
PLACE: State Capitol, Conference Room 229

RE: Testimony in Support of H.B. No. 1938 Relating to Measurement Standards

Chairs, Vice Chairs, and Members of the Senate Committees on Agriculture and Commerce and Consumer Protection, I am Sayle Hirashima, VP/CFO, of Mid Pac Petroleum, LLC ("MidPac").

MidPac is writing to support H.B. No. 1938 and to propose amendments to the bill. We understand HB No. 1938 to be a housekeeping measure which seeks to clarify Section 486-56 of the Hawaii Revised Statutes by adding the word "current" to the existing language of the law to provide that the Measurement and Standards Branch of the Department of Agriculture adopt for use the "current" standards, as published by the American Society for Testing and Materials ("ASTM") and the Society of Automotive Engineers.

This bill is necessary to correct an inconsistency between the fuel specification standard in rules adopted by the Department of Business, Economic Development & Tourism ("DBEDT") in 2006 and the fuel specification standard in rules then (and now) in effect under the Department of Agriculture.

The state law requiring a 10% ethanol blend for motor gasoline was adopted to promote the agriculture industry 20 years ago in 1994. Subsequently, DBEDT adopted administrative rules requiring 85% of all motor gasoline distributed in Hawaii to contain 10% ethanol (E10). Allowing for an 18-month transition period, E10 was started in Hawaii in April 2006.

H.B. No. 1938
Hearing Date:
March 27, 2014

The Department of Agriculture's fuels specification standard was not updated to current ASTM standards and, therefore, it is not feasible to comply with both the outdated fuel specifications and the current fuel specifications imposed by the 2006 ethanol mandate.

Governor Neil Abercrombie's Refinery Task Force raised this inconsistency and recommended revisions to update the fuel specifications. Members of the industry have been requesting such a change for over half a dozen years. It is crucial that Hawaii gasoline specifications be consistent with current overall U.S. requirements and with other laws and administrative rules in effect here in Hawaii.

MidPac supports HB No. 1938 with amendments. HB No. 1938 seeks to correct the inconsistency in the outdated fuel specifications in Hawaii by adding one word to the existing law. We believe the mere addition of the word "current" before standards is inadequate to correct the inconsistency in today's ASTM specifications for Hawaii. We respectfully propose an amendment to specify the ASTM reference for gasoline (ASTM D4814 as noted below) and, in the interest of clarity, to specify that the latest ASTM version adopted be used, with the permissible exception for gasoline-ethanol blends allowing the maximum vapor pressure to exceed the ASTM D4814 limits but not by more than 1.0 psi for blends containing one or more volume percent ethanol. This maximum vapor pressure exception is approved by the U.S. Department of Commerce, National Institute of Standards and Technology, as set forth in the NIST Handbook 130, Part G, Section 2.1 adopted in 2013, as modified for the state of Hawaii.

"The ~~current~~ latest standards as published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted except as amended or modified by rule of the board pursuant to chapter 91. The board may also adopt rules on the advertising, labeling, standards for, handling, storing, dispensing, and selling of petroleum products. Notwithstanding the foregoing, rules adopted by the board specifically referring to ASTM D4814 for gasoline shall be deemed to refer to the latest version of ASTM D4814, except the maximum vapor pressure for gasoline-ethanol blends may exceed the ASTM D4814 limits but not by more than 1.0 psi for blends containing one or more volume percent ethanol.

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

SECTION 3. This Act shall take effect upon its approval."

Thank you for the opportunity to testify in support of HB No. 1938.



REVISED

TO: SENATE COMMITTEES ON AGRICULTURE AND COMMERCE AND
CONSUMER PROTECTION
Sen. Clarence K. Nishihara and Sen. Rosalyn H. Baker, Chairs
Sen. Ronald D. Kouchi and Sen. Brian T. Taniguchi, Vice Chairs

FROM: Richard Parry
President and Chief Executive Officer of Aloha Petroleum, Ltd.

HEARING

DATE: Thursday, March 27, 2014
TIME: 2:45 p.m.
PLACE: State Capitol, Conference Room 229

RE: Testimony in Support of H.B. No. 1938 Relating to Measurement Standards

Chairs, Vice Chairs, and Members of the Senate Committees on Agriculture and Commerce and Consumer Protection, I am Richard Parry, President and Chief Executive Officer of Aloha Petroleum, Ltd. ("Aloha Petroleum").

Aloha Petroleum is writing to support H.B. No. 1938 and to propose amendments to the bill. We understand HB No. 1938 to be a housekeeping measure which seeks to clarify Section 486-56 of the Hawaii Revised Statutes by adding the word "current" to the existing language of the law to provide that the Measurement and Standards Branch of the Department of Agriculture adopt for use the "current" standards, as published by the American Society for Testing and Materials ("ASTM") and the Society of Automotive Engineers.

This bill is necessary to correct an inconsistency between the fuel specification standard in rules adopted by the Department of Business, Economic Development & Tourism ("DBEDT") in 2006 and the fuel specification standard in rules then (and now) in effect under the Department of Agriculture.

The state law requiring a 10% ethanol blend for motor gasoline was adopted to promote the agriculture industry 20 years ago in 1994. Subsequently, DBEDT adopted administrative rules requiring 85% of all motor gasoline distributed in Hawaii to contain 10% ethanol (E10). Allowing for an 18-month transition period, E10 was started in Hawaii in April 2006.



H.B. No. 1938
Hearing Date:
March 27, 2014

The Department of Agriculture's fuels specification standard was not updated to current ASTM standards and, therefore, it is not feasible to comply with both the outdated fuel specifications and the current fuel specifications imposed by the 2006 ethanol mandate.

Governor Neil Abercrombie's Refinery Task Force raised this inconsistency and recommended revisions to update the fuel specifications. Members of the industry have been requesting such a change for over half a dozen years. It is crucial that Hawaii gasoline specifications be consistent with current overall U.S. requirements and with other laws and administrative rules in effect here in Hawaii.

Aloha Petroleum supports HB No. 1938 with amendments. HB No. 1938 seeks to correct the inconsistency in the outdated fuel specifications in Hawaii by adding one word to the existing law. We believe the mere addition of the word "current" before standards is inadequate to correct the inconsistency in today's ASTM specifications for Hawaii. We respectfully propose an amendment to specify the ASTM reference for gasoline (ASTM D4814 as noted below) and, in the interest of clarity, to specify that the latest ASTM version adopted be used, with the permissible exception for gasoline-ethanol blends allowing the maximum vapor pressure to exceed the ASTM D4814 limits but not by more than 1.0 psi for blends containing one or more volume percent ethanol. This maximum vapor pressure exception is approved by the U.S. Department of Commerce, National Institute of Standards and Technology, as set forth in the NIST Handbook 130, Part G, Section 2.1 adopted in 2013, as modified for the state of Hawaii.

"The ~~current~~ standards as published by the American Society for Testing and Materials (ASTM) and the Society of Automotive Engineers (SAE) are adopted except as amended or modified by rule of the board pursuant to chapter 91. The board may also adopt rules on the advertising, labeling, standards for, handling, storing, dispensing, and selling of petroleum products. Notwithstanding the foregoing, the latest version of ASTM D4814 for gasoline as published by the ASTM and the SAE are adopted except as amended or modified by rule of the board pursuant to chapter 91, and except the maximum vapor pressure for gasoline-ethanol blends may exceed the ASTM D4814 limits but not by more than 1.0 psi for blends containing one or more volume percent ethanol.

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

SECTION 3. This Act shall take effect upon its approval."

Thank you for the opportunity to testify in support of HB No. 1938.