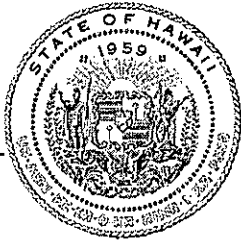


SB 2197

Measure Title: RELATING TO TAXATION.

Report Title: Income Tax Credit; Renewable Fuels

Description: Establishes renewable fuels production income tax credit. Repeals ethanol facility tax credit. Effective for taxable years beginning after December 31, 2014.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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Statement of
Richard C. Lim
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

Tuesday, February 4, 2014
3:15 p.m.
State Capitol, Conference Room 225
in consideration of

SB 2197
RELATING TO TAXATION.

Chair Gabbard, Vice Chair Ruderman, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers comments on SB 2197, which would establish a renewable fuels production tax credit and repeal the ethanol facility tax credit.

DBEDT defers the Department of Taxation on the fiscal impact of the bill, and notes that the definition of “renewable fuels” in the bill, which requires that feedstock must be transported from points of origin “less than one thousand miles” away from the production facility, may be in conflict with the commerce clause of the US Constitution. Additionally, the financial and human resources required to administer the duties mandated by this bill are not included in DBEDT’s current budget.

Thank you for the opportunity to offer these comments.

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

To: The Honorable Mike Gabbard, Chair
and Members of the Senate Committee on Energy and Environment

Date: Tuesday, February 4, 2014
Time: 3:15 P.M.
Place: Conference Room 225, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 2197, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 2197, and provides the following information and comments for your consideration.

S.B. 2197 repeals the existing income tax credit for ethanol facilities and adds a new tax credit for the production of renewable fuels. The tax credit would be certified by the Department of Business, Economic Development, and Tourism, and would have a per taxpayer cap of \$3,000,000 per year and an aggregate cap of \$12,000,000 per year.

The Department defers to the Department of the Attorney General for a more thorough analysis of the constitutionality of S.B. 2197, but notes that tax measures that discriminate against interstate commerce are generally held unconstitutional by the courts. For example, the holding in Bacchus Imports Ltd. v. Dias, 468 U.S. 263 (1984), indicates that provisions that result in taxation that is discriminatory against products imported from outside the State would violate the Commerce Clause of the United States Constitution. The Department suggests changing or removing the requirement that feedstocks be transported less than 1,000 miles from their point of origin, which would exclude feedstocks from outside the State, as well as the requirement that fuel produced be distributed within the State.

Aggregate caps are difficult for the Department to administer and lead to confusion among taxpayers regarding which taxpayers may be eligible for the tax credit during any particular taxable year. In addition, it is the Department's understanding that the amount of this

credit would roughly correspond to 20 cents per gallon of fuel produced, meaning that there is a high likelihood that the caps would be reached with some frequency if large-scale production operations commence in the State.

Thank you for the opportunity to provide comments.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SEVENTH LEGISLATURE, 2014**

ON THE FOLLOWING MEASURE:
S.B. NO. 2197, RELATING TO TAXATION

BEFORE THE:
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
DATE: Tuesday, February 4, 2014 **TIME:** 3:15 p.m.
LOCATION: State Capitol, Room 225
TESTIFIER(S): David M. Louie, Attorney General, or
Damien A. Elefante

Chair Gabbard and Members of the Committee:

The Department of the Attorney General offers the following comments on this bill. The bill may be challenged as violating the Commerce Clause of the United States Constitution because it could be found to discriminate against interstate commerce.

The stated purpose of this bill is to establish a credit for “renewable fuels.” The bill defines “renewable fuels” to mean “fuels produced within the State from renewable feedstocks transported less than one thousand miles from point of origin to the production facility located within the State” For this purpose, this bill creates an income tax credit requiring and favoring renewable feedstocks produced exclusively in the State.

A cardinal rule of Commerce Clause jurisprudence is that “[n]o State, consistent with the Commerce Clause, may ‘impose a tax which discriminates against interstate commerce . . . by providing a direct commercial advantage to local business.’” Bacchus Imports, Ltd. v. Dias, 468 U.S. 263, 268 (1984), *citing* Boston Stock Exchange v. State Tax Comm’n, 429 U.S. 318, 329 (1977).

In Bacchus, the United States Supreme Court found that an exemption similar to the exemption proposed in this bill violated the Commerce Clause. At issue in Bacchus was the Hawaii liquor tax, which was originally enacted in 1939 to defray the costs of police and other governmental services. Because the Legislature sought to encourage development of the Hawaiian liquor industry, it enacted an exemption from the liquor tax for okolehao (a brandy distilled from the root of the ti plant, an indigenous shrub of Hawaii) and for certain fruit wine manufactured in Hawaii. The United States Supreme Court concluded that the exemption

violated the Commerce Clause because the exemption had both the purpose and effect of discriminating in favor of local products.

The income tax credit requiring the use of renewable feedstocks produced exclusively in the State, as created by this bill, appears to have similar purpose and effect as the exemption that violated the Commerce Clause in Bacchus.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Renewable fuels production tax credit

BILL NUMBER: SB 2197; HB 2060 (Identical)

INTRODUCED BY: SB by Gabbard, Chun Oakland, Espero, Green, Ige & Ihara; HB by C. Lee

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to establish a renewable fuels production tax credit. The credit shall be allowed to taxpayers producing qualifying renewable fuels provided the credit shall not be claimed for more than five years.

The annual dollar amount of the credit shall be 20 cents per 115,000 British thermal units (BTU) of renewable fuels using the lower heating value produced for distribution in Hawaii; provided that the production by the facility is not less than 15 billion BTUs of renewable fuels per year. Limits the amount of tax credit that may be claimed by a taxpayer to \$3 million per taxable year.

Defines "credit period," "net income tax liability" and "qualifying renewable fuels." "Renewable fuels" are fuels produced in the state from renewable feedstocks transported less than one thousand miles from point of origin to the production facility located in the state. The fuel shall be sold in the state as a fuel and meet the relevant ASTM International specifications for the particular fuel or other industry specifications for liquid or gaseous fuels, including but not limited to: (1) methanol, ethanol, or other alcohols; (2) hydrogen; (3) biodiesel or renewable diesel; (4) other biofuels; or (5) renewable jet fuel or renewable gasoline. Defines "renewable feedstocks" as biomass crops; agricultural residues; oil crops, including but not limited to algae, canola, jatropha, palm, soybean and sunflower; other agricultural crops; grease and waste cooking oil; food wastes; municipal solid wastes and industrial wastes; and animal residues and wastes that can be used to generate energy.

Requires the department of business, economic development and tourism (DBEDT) to verify and certify each claim for the credit including the total amount of credit for each taxable year and the cumulative amount of tax credit during the credit period. The department shall issue a certificate to qualifying taxpayers who shall file the certificate with the department of taxation (DOTax).

If in any year the annual amount of certified credits reaches \$12 million in the aggregate, DBEDT may discontinue certifying credits and notify the department of taxation.

If the amount of credits exceeds the taxpayer's income tax liability, the excess of credit over liability may be carried over to future years.

Prior to production of any qualifying renewable fuels for the year, the taxpayer is to provide written notice of the taxpayer's intention to begin production of qualifying renewable fuels to DOTax and DBEDT with information on the taxpayer, facility location, facility production capacity, anticipated production start date, and the taxpayer's contact information. The taxpayer shall also provide written

notice to the director of taxation and the director of DBEDT within 30 days following the start of production and include the production start date and expected renewable fuel production for the next year.

In each calendar year during the credit period, the taxpayer shall provide information to the director of DBEDT on the number of BTUs of renewable fuels produced and sold during the previous calendar year, the type of fuels, feedstocks used for renewable fuels production, the number of employees of the facility and each employee's state of residency, and the projected number of BTUs of renewable fuels production for the succeeding year.

Directs the director of DBEDT, following each year in which a credit under this section has been claimed, to submit a written report to the governor and legislature regarding the production and sale of renewable fuels. Requires the department of taxation to prepare the necessary forms to claim the credit, requires the taxpayer to furnish information to validate a claim for the credit.

Repeals the ethanol facility tax credit under HRS section 235-110.3.

EFFECTIVE DATE: Tax years beginning after December 31, 2014

STAFF COMMENTS: The legislature by Act 289, SLH 2000, established an investment tax credit to encourage the construction of an ethanol production facility in the state. The legislature by Act 140, SLH 2004, changed the credit from an investment tax credit to a facility tax credit. This measure proposes to replace the ethanol facility tax credit with a renewable fuels production tax credit.

While it has been almost ten years since the credit for the construction of an ethanol plant in Hawaii was enacted and ground has not broken yet, it appears that there are other far more efficient biofuels which could be developed and, therefore, the existing credit, which is specific to ethanol, might not be available to assist in the development of these other types of fuels.

While the idea of providing a tax credit to encourage such activities may have been acceptable a few years ago when the economy was on a roll and advocates could point to credits like those to encourage construction and renovation activities, what lawmakers and administrators have learned in these past few months is that unbridled tax incentives, where there is no accountability or limits on how much in credits can be claimed, are indeed irresponsible as the cost of these credits goes far beyond what was ever contemplated. As an alternative, lawmakers should consider repealing this credit and look for other types of alternate energy to encourage through the appropriation of a specific number of taxpayer dollars. At least lawmakers would have a better idea of what is being funded and hold the developers of these alternate forms of energy to a deliberate timetable or else lose the funds altogether. A direct appropriation would be preferable to the tax credit as it would: (1) provide some accountability for the taxpayers' funds being utilized to support this effort; and (2) not be a blank check.

While ethanol was the panacea of yesterday, lawmakers have learned that there are more minuses to the use of ethanol than there are pluses. Ethanol production demands more energy to produce than using a traditional petroleum product to produce the same amount of energy, and the demand for feedstock that is used to produce ethanol basically redirects that feedstock away from traditional uses, causing products derived from the feedstock to substantially increase in price.

An appropriation of taxpayer dollars for such untried and unproven technologies would be far more accountable than the tax credit as such technologies would have undergone the scrutiny of lawmakers. Providing a tax incentive is an indicator that lawmakers are unwilling to do the hard research and unwilling to impose strict discipline in the expenditure of hard-earned tax dollars. The tax incentive approach represents nothing more than a hope and a wish that some breakthrough will be made, no matter how inefficient it may be, that some alternative to fossil fuel will be found. In the mean time, those tax dollars will be wasted on some unproven folly. If this were an appropriation, taxpayers would then know who to hold accountable for the waste of those tax dollars.

This, along with numerous other proposals targeted at certain types of business activity, is truly an indictment of what everyone has known and acknowledged since before Hawaii became a state, that is, the climate imposed by government regulations and taxation makes it difficult to survive without some kind of subsidy such as tax credits from government. Once those subsidies disappear, so will the businesses. Instead of throwing out such breaks for special interests, lawmakers must endeavor to make Hawaii's business climate more welcoming and conducive to nurturing budding entrepreneurs.

Digested 1/28/14



SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
Tuesday, February 4, 2014 – 3:15 p.m. – Room 225

Ulupono Initiative Supports SB 2197 with amendments, Relating to Taxation

Dear Chair Gabbard, Vice Chair Ruderman and Members of the Committee:

My name is Murray Clay and I am managing partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono supports SB 2197 with amendments, which establishes a renewable fuels production tax credit. In recent years Hawai'i has seen significant growth in renewable energy adoption moving the State towards its renewable energy goals. However, while the state locally produces about 14% renewable electricity, renewable fuels are far less than 1% of fuel use. Electricity represents approximately 40% of energy use in the state while transportation fuels account for a larger share at 51%. This is disturbing as this means we are making the least amount of progress to date in renewable production for the largest share of the state's energy use.

This important bill could be made more effective in achieving Hawai'i's renewable energy goals with three amendments:

1. The \$3 million per taxable year limit on page 2, line 15 equates to approximately 15 million gallons per year of renewable fuel production. We recommend that this limit be increased to \$6 million per taxable year, which is equivalent to 30 million gallons per year of production. It is important to note that renewable fuel facilities as large as 50 million gallons per year of capacity have been proposed for Hawai'i. Furthermore, ethanol imports alone, at a 10% blend with gasoline, amounted to more than 45 million gallons last year. If we want to replace a meaningful portion of imported fuels with locally produced renewable fuels, the \$3 million limit is simply too low.
2. The listing of renewable feedstocks that begins on page 3, line 7 should be expanded to include, "sugar and starch crops including but not limited to sugar cane and cassava." We understand that the phrase "other agricultural crops" could be interpreted to include sugar/starch crops used in biofuel production, but as oil crops were listed it seems prudent to list sugar & starch crops to avoid doubt. It is important to note that sugar and starch crops can be processed into ethanol today with existing technology meaning zero technology risk.
3. The \$12 million aggregate limit on page 5, line 5 should be increased to \$18 million. In truth, any aggregate limit will make biofuels production facilities much more difficult to finance since the developer can never be sure his/her project will be completed in time to receive the credit – before the aggregate limit is reached. This means developers will not be

able to include such benefits in their financing decisions. Nevertheless, understanding that the committee would prefer to have a limit to reduce the risk of an unexpectedly large tax credit claim, an \$18 million limit seems reasonable. This would then allow up to three 30 million gallon per year facilities in Hawai'i if amendment #1 above was also adopted. That would be 90 million gallons per year in aggregate or about double the amount of imported ethanol. This would also allow for production facilities on more than one island – for example, one 30 million gallon per year facility on three different islands.

We strongly believe that this bill has the potential to open the door for significant renewable energy growth in Hawai'i. In terms of renewable energy production, transportation fuels are significant behind electricity in “going green”. This bill will help move renewable fuels forward.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

Email: communications@ulupono.com

Field



Testimony of ERIK KVAM
President of Renewable Energy Action Coalition of Hawaii
e-mail: Kvam@REACHhawaii.org

In SUPPORT of SB 2197 RELATING TO TAXATION

**Before the
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**

February 4, 2014 3:15 p.m.

Good afternoon, Chair Gabbard, Vice-Chair Ruderman and members of the Committees.

My name is Erik Kvam. I am the President of Renewable Energy Action Coalition of Hawaii (REACH), a trade association whose vision is a Hawaiian energy economy based 100% on renewable sources indigenous to Hawaii.

REACH is in **SUPPORT** of SB 2197.

Hawaii is far behind in achieving its renewable goals for transportation. Transportation fuels account for about two-thirds of all the energy consumed in Hawaii. Virtually all of Hawaii's energy for transportation comes from imported fuels.

Without renewable fuel production from sources indigenous to Hawaii, Hawaii will have virtually no fuel available for critical transportation needs when imported fuels stop flowing to Hawaii.

REACH SUPPORTS SB 2197 – creating a production tax credit of \$.30 per 115,000 BTUs of renewable fuels produced from sources indigenous to Hawaii -- to encourage the development of renewable fuel production from sources indigenous to Hawaii, so that Hawaii has the transportation fuels it needs when imported fuels stop flowing to Hawaii.

Thank you for allowing me to testify.



SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 4, 2014, 3:15 P.M.

Room 225

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2197

Chair Gabbard and members of the Energy and Environment Committee:

The Blue Planet Foundation supports SB 2197, expanding the eligibility for biofuel production facilities beyond ethanol. This policy—providing a biofuel facility tax credit to incentivize the needed development and construction of such facilities—will provide greater support for Hawaii's diverse biofuel production infrastructure.

Biofuels will likely play a major role in Hawaii's clean energy future—particularly as a substitute for petroleum-based transportation fuels. Transportation fuels in Hawai'i can be made from renewable resources, such as biomass in various forms, algae, and waste products. These materials are neither as scarce nor as expensive as crude oil. Even more importantly, these materials are available here. Hawai'i should set a clear course for a steady, incremental transition to renewable fuels including local and sustainable biofuels.

Blue Planet also supports policy to require that a certain percentage (5%, 10%) of diesel fuel sold in Hawai'i be biodiesel. One of Hawai'i's entrepreneurial success stories is biodiesel, a fuel that can be created from recycled cooking grease and oils or grown locally, and that can be substituted in place of fossil fuel-based diesel for transportation. Already, this local industry is creating enough fuel to displace 5% of transportation diesel fuel sold in the state. The biofuels industry is also making headway on the state's use of aviation fuels; HawaiiBioenergy has completed an agreement with Alaska airlines to power Hawai'i flights with biofuels starting as soon as 2018. Blue Planet supports a mandate to blend biodiesel with all locally sold diesel fuel. This smart step will help to continue the momentum for a local industry to supply indigenous clean energy for our transportation energy needs.

Thank you for the opportunity to testify.

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Warren S Bollmeier II	HREA	Support	Yes

SB 2197

RELATING TO TAXATION

**JOEL K. MATSUNAGA
CHIEF OPERATING OFFICER & EXECUTIVE VP
HAWAII BIOENERGY, LLC**

February 3, 2014

Chair Gabbard, and members of the Senate Committee on Energy and Environment.

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy in support of SB 2197, "Relating to Taxation."

SUMMARY

Hawaii BioEnergy, LLC ("HBE") supports SB 2197, which amends the existing Ethanol Facility Income Tax Credit to apply to various types of renewable fuel, with production and minimum required capacity to be measured in British Thermal Units ("BTUs"). While the credit, which was established to jumpstart the local ethanol industry, could be useful to prospective producers, it is limiting in both its scope and impact and needs to be reformed in order to foster the production of advanced, next-generation biofuels which can supply local power and transportation markets.

Restructuring the existing Ethanol Facility Credit to be technology neutral and BTU-based would incentivize a broader range of advanced, more efficient biofuels applicable to multiple off-takers. This is particularly important as the biofuel refining process – similar to the petroleum refining process – can produce a slate of fuels able to be sold to multiple end-users.

Applying a Renewable Fuels Production Tax Credit to projects capable of selling to both the transportation and power generation sector will help to attract a broader range of investors, maximize productive efficiencies, and integrate higher volumes of renewable fuels into Hawaii's economy.

HAWAII BENEFITS FROM LOCAL BIOFUELS PRODUCTION

Hawaii BioEnergy is a local company dedicated to strengthening the state's energy future through sustainable biofuel production from locally grown feedstocks. Among its partners are three of the larger landowners in Hawaii. HBE and its partners would like to use significant portions of our land to address Hawaii's existing and growing energy needs.

Understanding the urgency of these needs, HBE has dedicated the last several years to feedstock trials, extensive technology evaluation and detailed financial modeling of various production pathways in an effort to ensure HBE's ultimate production is as productive, efficient and sustainable as possible. HBE's own research, development and demonstration (RD&D) efforts have been accelerated by funding from the US government's Defense Advanced Research Projects Agency (DARPA), Office of Naval Research, and the Air Force Research Laboratory. Collectively, this analysis has enabled HBE to understand the production potential and challenges associated with Hawaii's unique natural resource base, geography, climate, market and infrastructure. HBE has signed a 20-year off-take agreement for high-density fuels with Hawaiian Electric Company and is preparing to move forward with the commercial production of advanced biofuels for both the power generation and transportation sectors.

While Hawaii holds tremendous potential to produce a range of advanced, high-density biofuels from locally produced feedstocks and innovative next-generation technologies, the industry is still in its infancy and faces a myriad of cost and development challenges. Many of these challenges are attributed to the fact that Hawaii's agricultural and otherwise productive lands are relatively small, non-contiguous parcels with varying microclimates and other conditions which limit scale and increase operational costs. Further, the advanced conversion technologies capable of most efficiently converting bio-based feedstocks into high-density fuels are just reaching commercial scale. The advanced nature of the technology, coupled with the downturn in the economy, increase the challenges associated with securing project financing.

Such limitations and cost impacts are particularly pronounced in Hawaii where the cost of doing business is already disproportionately high relative to the mainland.

Amending the Ethanol Facility Credit to a Renewable Fuels Production Tax Credit would help to attract a wider range of investors and help offset the technology and capital risks inherent in the establishment of a new industry. This credit is of particular importance to companies such as HBE that intend to utilize advanced, next generation feedstocks and conversion technologies which are more efficient and have the potential to produce high density, drop-in fuels, but carry substantially higher capital costs than first generation biofuels.

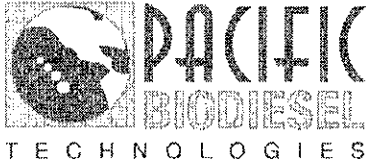
In addition to expanding the credit to apply to a broader range of fuels, it is key that the support applies to facilities producing fuels for both transportation and power generation, as commercial-scale biofuels refining facilities – similar to petroleum refining facilities - produce multiple fuels or ‘splits’ available for sale into multiple markets. Supporting production for both various sectors maximizes productive efficiencies, strengthens the viability of the operation, and provides a broader slate of renewable fuels for Hawaii customers.

Basing the credit on British Thermal Units, and structuring the credit to support new investment in these advanced technologies will foster more efficient production while creating jobs, stimulating Hawaii’s agricultural sector, and establishing the foundation from which Hawaii’s bio-based economy can grow. Based on a third-party economic impact analysis of biofuels production on the Islands, the job creation as well as the direct and indirect economic impacts, and tax revenue associated with the credit would far outweigh the cost. Further, applying a sunrise date to the incentive would help project developers to secure critical project financing while not tying up state funds.

CONCLUDING REMARKS

HBE is moving forward with advanced, bio-based energy projects from locally grown feedstocks that will help provide a local, renewable source of energy for Hawaii and sustain the states agricultural resources for years to come. Long-term contracts, such as the contract between HBE and HECO (which requires multiple customers) and incentives such as a Renewable Fuels Production Tax Credit help to reduce total project costs and associated risks, making project more attractive to outside investors and financing institutions. SB 2197 would play a critical role in establishing Hawaii's biofuel industry, strengthening the state's energy security position, and achieving the state's renewable energy goals. Based on the aforementioned, Hawaii BioEnergy respectfully requests your support for SB 2197.

Thank you for the opportunity to testify.



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www.biodiesel.com

February 3, 2014

**Testimony on Senate Bill 2197, Relating to Taxation
SUPPORT**

Committee on Energy and Environmental
Senator Mike Gabbard, Chair
Senator Russell E. Ruderman, Vice Chair
Hearing February 4, 2014 at 3:15 p.m., Conference Room 225

Dear Chair Gabbard, Vice Chair Ruderman and Committee Members,

The management, investors and 70+ employees of the Pacific Biodiesel ohana thank you for introducing Senate Bill 2197 for consideration by the Committee on Energy and Environmental Protection. This bill is crucial to growing the biofuels industry in Hawaii, especially since our state is far behind in our transportation renewable energy goals. We wholeheartedly testify in favor of SB2197.

This bill supports the State of Hawaii's interest in becoming more energy self-sufficient; however, we do ask you to consider reinstating the previous level of \$.30 per 115,000 BTUs and move the effective date to July 1, 2014 to bring maximum benefits to producers at this time of critical need. If SB2197 is passed, it will be one of the most important actions the Legislature can take to incentivize renewable fuel production, support current and future local jobs as well as ensure the future energy security of our island communities.

Pacific Biodiesel employs about 75 people in a wide range of positions from chemists to engineers, office and sales personnel to biodiesel facility operators and farmers, as well as outside consultants. Employment represents \$3 million in wages paid in 2013 and continued operations generate over \$10 million in revenue for the State of Hawaii every year. When biodiesel is purchased from Pacific Biodiesel in Hawaii, over 85% of the money stays in the Hawaii economy, and 98% of the money stays in the US economy. This is truly an economic boost as opposed to the economic drain of foreign petroleum.

It is the goal of all those connected with Pacific Biodiesel to continue with our mission to promote a clean, sustainable energy future through the community-based production of renewable fuels, but we need your help as federal support for biofuel continues to be inconsistent and short-term. Meanwhile, the petroleum industry with whom we must compete enjoys on-going, statutory support at all levels of government.

We ask you to consider our proposed changes and please pass SB2197 to support the continued efforts of renewable fuel producers throughout the State of Hawaii.

Mahalo,

Kelly T. King

Kelly King
Vice President
ktk@biodiesel.com

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
James Twigg-Smith	Pacific Biodiesel Technologies	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Larry Zolezzi	Pacific Biodiesel	Support	No

Comments: Pacific Biodiesel has stepped up to the plate and provided a state of the art Biodiesel facility. The state needs to support Biodiesel so that we can increase our locally produced fuel and reduce dependency on petroleum and imported fuel

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Erik Stein	Extended Horizons	Support	No

Comments: By Keeping Biofuel prices competitive you support cleaner air, cleaner oceans and many local jobs.

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Heinemann	Individual	Support	No

Comments: This bill is very important to the survival of the alternative energy sector.

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Mae Gauvin	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Christopher Long	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Catherine Iles	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Terry Hans	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Beth Mathias	Individual	Support	No

Comments: Please pass SB2197. We need to support and encourage local biofuels production in our state. It's good for the economy and the environment.

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Jan Alejandro	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Matt Johnson	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Leighton	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Jenna Long	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Jay A. Eisenzimmer	Individual	Support	No

Comments: Why would you not support this ? It is a future for Hawaii and the world !

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
David Sellers	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Gauvin-LaDuke	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Bronwyn Tatman	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Erin Wooldridge	Individual	Support	No

SB2197

Submitted on: 2/3/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Ke Kai Kaleleiki	Individual	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Allen	Individual	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Jason	Individual	Support	No

Comments: Put the politics on the side and PASS IT

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Rene Umberger	Individual	Support	No

SB2197

Submitted on: 2/4/2014

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Submitted By	Organization	Testifier Position	Present at Hearing
Annette Kaga	Individual	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Richard	Individual	Support	No

Comments: I am in full support of this bill and it is necessary for Hawaii moving forward.

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Dino Mariani	Individual	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
George Aiwohi	Individual	Support	No

Comments: We need this Bill to pass in order help our Aina be less dependent on imported energy. Any kind of incentives to promote recycling and reuse of a spent product in Hawaii is worth the efforts of all. Protect our future in Hawaii.

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Kimberly Haueisen	Individual	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Tony Pastrama	Individual	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Dana Shinsato	Pacific Biodiesel	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Amber	Individual	Support	No

SB2197

Submitted on: 2/4/2014

Testimony for ENE on Feb 4, 2014 15:15PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
robert	Individual	Support	No