

STAND. COM. REP. NO.

295

Honolulu, Hawaii

February 18, 2015

RE: H.B. No. 867
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 867 entitled:

"A BILL FOR AN ACT RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS' BASALT REBAR INITIATIVE,"

begs leave to report as follows:

The purpose of this measure is to advance the State's economic development and sustainability by authorizing the issuance of general obligation bonds to support the Pacific International Space Center for Exploration Systems' Basalt Rebar Initiative, including the construction of a basalt rebar plant and engineering assessments of the manufactured basalt rebar.

The Council Member of District 3 of the Hawaii County Council, Pacific International Space Center for Exploration Systems, and a concerned individual testified in support of this measure. The Department of Business, Economic Development, and Tourism testified in support of the intent of this measure. The Department of Budget and Finance provided comments.

Hawaii currently imports most of its iron rebar from China, but has experienced high transportation costs and quality issues with these imports. The basalt rebar initiative is an attempt to address these issues through the production of basalt rebar, a product that is lighter and stronger than steel rebar. Basalt rebar may have many applications for its use, including use in

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numerous civil engineering projects statewide, and refinement and development of this product may be have tremendous economic impacts for the State.

Given that the Hawaiian Islands are made of basalt material, there appears to be real potential for the creation of a basalt rebar fabricating industry in Hawaii. However, more testing and engineering studies must be conducted to determine if Hawaii basalt can be used to produce the fibers required to fabricate basalt rebar. Your Committee finds that establishing a processing plant to demonstrate the possibility of manufacturing Hawaii basalt into basalt rebar is the first step in the development of a new and innovative industry.

Your Committee has amended this measure by:

- (1) Deleting provisions requiring a collective 2:1 match of funds by the private sector and federal government before authorized general obligation funds are released; and
- (2) Changing its effective date to February 19, 2025, to encourage further discussion.

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 H.B. No. 867, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 867, H.D. 1, and be referred to the Committee on Finance.

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



DEREK S.K. KAWAKAMI, Chair



