

HB 2416

TESTIMONY



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

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Statement of  
**LUIS P. SALAVERIA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON TRANSPORTATION AND ENERGY**

Tuesday, March 15, 2016  
2:45 p.m.  
State Capitol, Conference Room 229

in consideration of  
**HB 2416**  
**RELATING TO RENEWABLE ENERGY.**

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

The Department of Business, Economic Development, and Tourism (DBEDT) supports HB 2416, which repeals Chapter 201N, Hawaii Revised Statutes, relating to the Renewable Energy Facility Siting Process (REFSP), and deposits proceeds in the Renewable Energy Facility Siting Special Fund into the General Fund, with the exception of Sections 201N-13 and 14 as noted herein.

DBEDT agrees that no renewable energy project has completed the REFSP, notwithstanding DBEDT's efforts to implement the REFSP since its establishment in 2008; including the Renewable Energy Facility Siting Process Action Plan for DBEDT's implementation of the REFSP<sup>1</sup> commissioned in 2014. DBEDT has determined that the REFSP is no longer relevant to supporting Hawaii's clean energy goals for numerous reasons, including: (1) 201N could actually increase permit processes, timelines, and costs for most projects, as it requires an environmental impact

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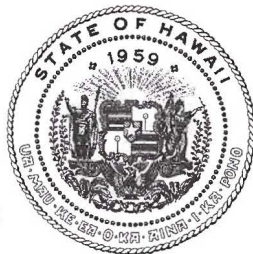
<sup>1</sup> This plan is referenced in DBEDT's Periodic Report to the Legislature on Renewable Energy Facilitation Activities and the REFSP (December 2014); see *Final Report* ([http://energy.hawaii.gov/wp-content/uploads/2011/10/Act-208-201N-Facilitator-Report\\_11-20-14\\_FINAL.pdf](http://energy.hawaii.gov/wp-content/uploads/2011/10/Act-208-201N-Facilitator-Report_11-20-14_FINAL.pdf)) and *Appendix* ([http://energy.hawaii.gov/wp-content/uploads/2011/10/201N-Final-Action-Plan\\_Appendix.pdf](http://energy.hawaii.gov/wp-content/uploads/2011/10/201N-Final-Action-Plan_Appendix.pdf)).

statement, carries additional administrative burdens, and contains procedural and substantive legal uncertainties; (2) 201N has very narrow scope as it applies to certain permits only (some of which can be processed in one year or less and/or are not typically required for renewable energy projects in Hawaii); (3) 201N benefits a narrow class of renewable energy projects (projects 200 megawatts (MW) and larger are automatically eligible), whereas projects 5MW to 200MW, or those with capacity to produce at least 100,000 gallons of biofuel/year, are eligible at DBEDT discretion); (4) 201N creates potential liability to the State should DBEDT be forced to utilize 201N by automatically eligible projects (200 megawatts and larger), and should DBEDT be required to ultimately approve permits outside of DBEDT's jurisdiction and subject matter expertise, as provided through Chapter 201N; (5) DBEDT has other existing authorities to enable the facilitation of renewable energy development; and, (6) Hawaii's skilled permit professional workforce is qualified and appropriate to provide assistance to renewable energy developers.

DBEDT also agrees that the Renewable Energy Facility Siting Special Fund has maintained a balance of \$0 in Fiscal Years 2009 through 2014, and is expected to have an unencumbered cash balance of \$0 throughout Fiscal Year 2015-2016. For these reasons, DBEDT agrees it would be appropriate to repeal this Special Fund.

Lastly, Sections 201N-13 and 201N-14 were added in 2009 (Act 173) after the initial adoption of Chapter 201N and could function independent of the REFSP. We have received anecdotal information that the subdivision exemption process under Sections 201N-13 and 201N-14 could offer value to some of Hawaii's renewable energy developers. Hence, DBEDT would not oppose the preservation of these sections.

Thank you for the opportunity to offer these comments on HB 2416.



**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,  
ON HOUSE BILL NO. 2416,  
RELATING TO NON-GENERAL FUNDS**

**Senate Committee on Transportation and Energy**

March 15, 2016

Chair Inouye and Members of the Committee:

Thank you for the opportunity to testify in partial support of this bill. HB 2416 would repeal Chapter 201N, including the Renewable Energy Facility Siting Special Fund. We support repeal of this fund.

Partial impetus for this bill is our Report No. 14-13, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Departments of the Attorney General and Business, Economic Development and Tourism*. Our review includes an evaluation of the original intent and purpose of each fund, including the degree to which each fund continues to serve its intended purpose. We also evaluate whether each fund meets statutory criteria for its respective fund type (i.e., special, revolving, or trust). Moreover, for special and revolving funds, we conclude on the need for the fund based on the purpose and scope of the program it supports. This bill would implement our report recommendation for the Renewable Energy Facility Siting Special Fund. We recommended the fund be repealed; DBEDT concurred.

Thank you again for the opportunity to testify in partial support of HB 2416. I am available to answer any questions you may have.