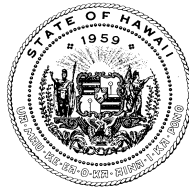


DAVID Y. IGE
GOVERNOR



REVISED
Testimony by:
FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRELL T. YOUNG

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

February 3, 2017
9:15 a.m.
State Capitol, Room 309

H.B. 1579
RELATING TO ENERGY

House Committee on Economic Development and Business

The Department of Transportation **supports** H.B. 1579 to establish authorization of the issuance of special facility revenue bonds pursuant to part III of the chapter 206M, HRS, and appropriates funds to the Hawai'i High Technology Corporation for the purpose of constructing an Electrolysis Hydrogen Production, Storage, and Dispensing facility to be managed by the Hawai'i Center for Advanced Transportation Technologies.

The Electrolysis Hydrogen Production, Storage, and Dispensing facility strengthens Hawai'i's commitment to its growing clean energy sector and will provide hydrogen fuel to the State's fleet.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA

DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE

TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

ON HOUSE BILL NO. 1579

February 3, 2017

9:15 A.M.

Room 309

RELATING TO ENERGY

House Bill No. 1579 authorizes the issuance of special facility revenue bonds pursuant to part III of chapter 206M, HRS, and appropriates funds to the Hawaii High Technology Corporation for the purpose of constructing and electrolysis hydrogen production, storage, and dispensing facility to be managed by the Hawaii center for advanced transportation technologies.

The Department has a comment on this bill. The bill authorizes the High Technology Development Corporation (HTDC) to issue an unspecified amount of special facility revenue bonds in accordance with Part III of Chapter 206M, HRS. We would like to note that the HTDC currently has the statutory authorization to issue up to \$100,000,000 of special facility bonds pursuant to Section 206M-42, HRS for such purposes as described in the bill.

Thank you for the opportunity to provide testimony on this measure.



Brian Kitagawa, President
Dave Rolf, Executive Director

HADA testimony in STRONG SUPPORT of
HB 1579
RELATING TO ENERGY

Presented to the House Committee on Economic Development & Business
at the public hearing to be held
9:15 a.m. Friday, February 3, 2017
in Conference Room 309, Hawaii State Capitol

by the Members of the Hawaii Automobile Dealers Association
Hawaii's franchised new car dealers

Chair Nakashima, Vice Chair Keohokalole and Members of the Committee:

I am David Rolf, representing the members of the Hawaii Automobile Dealers Association, Hawaii's franchised new car dealers, who have remained strong in their support of clean, renewable energy for the ground transportation sector. HB1579 provides special facility revenue bond funding for the development and construction of an electrolysis hydrogen production, storage, and dispensing facility to be managed by the Hawaii Center for Advanced Transportation and Technologies (HCATT).

Re: Hydrogen Fueling Station

One international carmaker already has a hydrogen fuel cell electric vehicle operating in Hawaii and other carmakers are preparing to put hydrogen fuel cell electric vehicles into production. Hawaii has already become a leader in this clean renewable fuel vehicle sector because of legislative foresight years ago in setting goals for renewable fuel adoption in the ground transportation sector through the adoption of goals as part of the the Hawaii Clean Energy Initiative (HCEI).

The hydrogen fuel cell electric vehicle is an electric vehicle that uses a fuel cell to convert hydrogen gas and oxygen into electricity to charge onboard batteries and power one or more onboard electric motors to propel the vehicle.

Such vehicles, because they are zero emission vehicles (ZEVs), can help Hawaii fulfill the goals of the Hawaii Clean Energy Initiative in the ground transportation sector—which are to reduce fossil fuel use by 40% through use of renewable fuels and 30% by efficiencies by 2030.

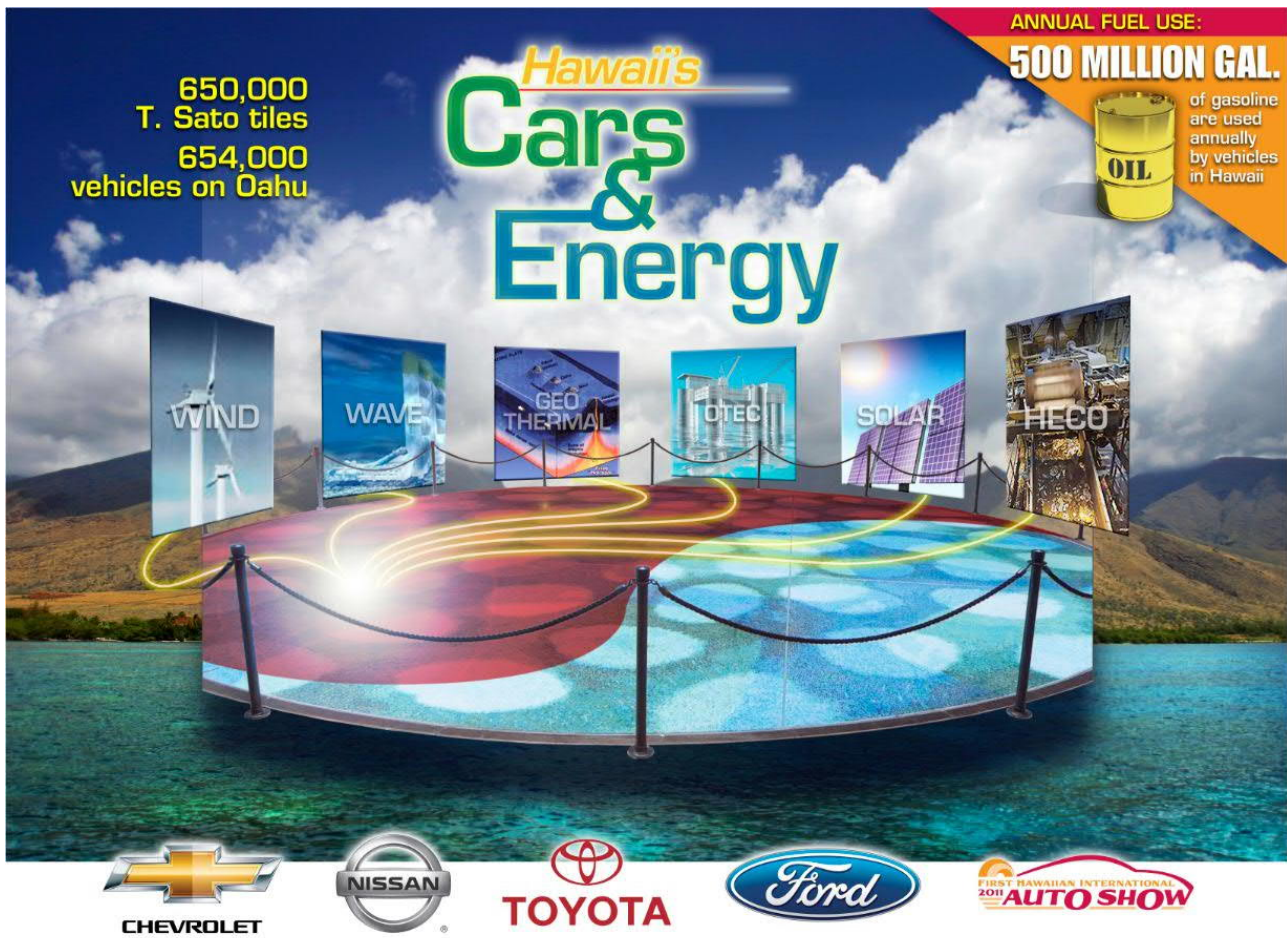
A bill in this year's legislative session proposes to extend that goal for renewable energy in the ground transportation sector to 100% by 2045.

Certainly, Hawaii has been given much in the form of clean energy resources for the production of renewable fuels.

Hawaii, in fact, has been chosen by the U.S. Department of Energy for a focus on the development of hydrogen fuel cell electric vehicles. The State of California and an East Coast corridor around Boston are the two others areas in the country which have been chosen.

It will be up to state, and local governments, auto dealers, private investors and the auto driving public in Hawaii to send a signal to all the world's automobile manufacturers that Hawaii has prepared well for the transition to hydrogen.

Here's a HADA-produced chart showing Hawaii's renewable energy resources which are available to harness for the draining of the 500 million gallon gasoline barrel that represents the current gasoline consumption in the ground transportation sector in Hawaii.



Hawaii has abundant, some would even say, a "first in the world" level of resources for energy production from renewable sources-- wind, wave, sun, geothermal, ocean thermal, and even has significant

capabilities for waste-to-energy production.

Once these resources are harnessed and used for productive purposes like propelling public and private transportation, then Hawaii's 500-million-gallon annual consumption of gasoline— illustrated in the upper right hand corner of the graphic—will, along with the reduction in consumption from efficiencies being produced for gasoline engines--reduce our Hawaii gasoline consumption by 70%, to 150 million gallons, the 2030 goal of the Hawaii Clean Energy Initiative, and could continue to move the state toward a goal of 100% renewable fuel usage in the ground transportation sector by 2045.

HADA representatives have attended meetings which have included State Department of Transportation officials and Department of Transportation Services officials from the City and County of Honolulu and other transportation officials around the state engaging in discussions relating to plans for adopting use of some hydrogen fuel cell electric vehicles—in busses, shuttle busses, and even rubbish trucks.

To begin the journey toward the Hawaii Hydrogen Economy, initial hydrogen production and fueling station infrastructure needs to be put in place.

The U.S. Department of Energy, with Hawaii being one of its three areas of focus in the U.S. commissioned a 2014 study to show the economic viability of creating a hydrogen production station and dispensing station in Honolulu.

The federal study showed that 5-nines hydrogen (.99999 pure hydrogen) could produced and dispensed at a cost of approximately \$13 / kilogram of hydrogen gas. In a HFCEV a kilogram of hydrogen produces the vehicle mileage equivalent of approximately 2 gallons of gas.

The facility would use photovoltaic cells for the electrolysis process to produce hydrogen and could be constructed with state funding proposed in this bill, with operating costs and debt reduction paid through positive cash flow revenues over 15 years. The financial plan for the \$13/kilogram hydrogen relies on the sale of downtown covered parking under the photovoltaic cells.

GSA does not have the capability within its mission, to construct and staff hydrogen fueling stations for their fleet in Honolulu. However, if the state-funded fueling station project were to be built:

- 1) GSA could move forward to facilitate the lease or purchase of HFCEVs for the GSA fleet in Honolulu
- 2) DAGS could move forward with their inventory of State vehicles and the move toward HFCEVs
- 3) City and County officials here in Honolulu could adopt HFCEVs into their fleets
- 4) Worldwide automakers to open up the Hawaii HFCEV market by providing help with infrastructure and providing vehicles

It should be noted that the State of Hawaii also has land on Lagoon drive that could also provide an

excellent location for a hydrogen production and fueling facility.

For the foregoing reasons, the Hawaii Automobile Dealers Association **STRONGLY SUPPORTS** HB1579 and encourages all members of the committee to support passage of the bill

Respectfully submitted,

David H. Rolf for the Hawaii Automobile Dealers Association

1100 Alakea St. Suite 2601 Honolulu, Hawaii 96813 Tel: 808 593-0031

SanHi Government Strategies

a limited liability law partnership

Gary M. Slovin
Mihoko E. Ito
R. Brian Tsujimura

c/o Ashford & Wriston • 999 Bishop Street, Suite 1400
Honolulu, Hawaii 96813
(808) 539-0400

governmentaffairs@awlaw.com

gslovin@awlaw.com
mito@awlaw.com
rtsujimura@awlaw.com

DATE: February 1, 2017

TO: Representative Chris Lee
Chair, Committee on Energy and Environmental Protection
Submitted Via Capitol Website

RE: **H.B. 1579 – Relating to Energy**
Hearing Date: Friday, February 3, 2017 at 9:15 a.m.
Conference Room: 309

Dear Chair Lee and Members of the Committee on Energy and Environmental Protection:

On behalf of the Alliance of Automobile Manufacturers (“Alliance”) we submit these comments on H.B. 1579. The Alliance is a trade association of twelve car and light truck manufacturers including BMW Group, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of North America, and Volvo Car USA.

The Alliance strongly supports the development of hydrogen as a fuel for motor vehicles, and remains ready and willing to assist in the pursuit of hydrogen as a feasible alternative fuel for Hawaii. We recognize the State has difficult choices to make on the allocation of funds, and as a participant to the hydrogen implementation working group, the Alliance also recognizes the work DBEDT, HCATT, and other public and private sector participants have done to advance hydrogen for Hawaii. While industry has made and continues to make a significant investment in hydrogen, the Alliance also recognizes the importance of government support for infrastructure projects like a hydrogen fueling station. In 2016, the Legislature approved \$1.25 million for the design of a hydrogen fueling station, and this bill would bring the design to fruition.

Thank you for the opportunity to testify on this measure.

Gary M. Slovin
Mihoko E. Ito
R. Brian Tsujimura
C. Mike Kido
Tiffany N. Yajima
Matthew W. Tsujimura



High Technology Development Corporation

2800 Woodlawn, Ste. 100 | 808-539-3806

Honolulu, Hawaii 96822 | www.htdc.org

Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Economic Development & Business
Friday, February 3, 2017
9:15 a.m.
State Capitol, Conference Room 309

In consideration of
HB1579
RELATING TO ENERGY.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

The High Technology Development Corporation (HTDC) **strongly supports** HB1579 that authorizes the issuance of special facility revenue bonds pursuant to part III of chapter 206M, HRS, and appropriates funds to the Hawaii High Technology Development Corporation for the purpose of constructing an electrolysis hydrogen production, storage, and dispensing facility to be managed by the Hawaii Center for Advanced Transportation Technologies.

Vehicle manufacturers, including Toyota, Hyundai, and Honda are currently in production of hydrogen fuel cell electric vehicles (HFCEVs), and some of those vehicles are already on Oahu. Hydrogen production and fuel cell technology have matured, become less expensive, more reliable, smaller and lighter than the equipment from just five years ago.

The Hawaii State Department of Transportation has recognized the maturity in hydrogen technology and has committed to converting its fleet of rental car shuttle buses to HFCEVs. HCATT has agreed to support them with design and stand up of their support infrastructure. HTDC and HCATT look forward to working with DoT to lead the way for future State and County fleets powered by renewable energy produced in Hawaii rather than using fossil fuel purchased abroad.

We support this initiative as long as it does not replace our priorities requested in the Executive Budget. Thank you for the opportunity to offer these comments.

LATE

SanHi Government Strategies

Gary M. Slovin
Mihoko E. Ito
R. Brian Tsujimura

a limited liability law partnership
c/o Ashford & Wriston • 999 Bishop Street, Suite 1400
Honolulu, Hawaii 96813
(808) 539-0400
governmentaffairs@awlaw.com

gslovin@awlaw.com
mito@awlaw.com
rtsujimura@awlaw.com

AMENDED TESTIMONY – 2.2.2017

DATE: February 2, 2017

TO: Representative Mark N. Nakashima
Chair, Committee on Economic Development and Business
Submitted Via Capitol Website

RE: **H.B. 1579 – Relating to Energy**
Hearing Date: Friday, February 3, 2017 at 9:15 a.m.
Conference Room: 309

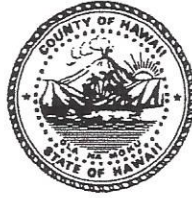
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The Alliance strongly supports the development of hydrogen as a fuel for motor vehicles, and remains ready and willing to assist in the pursuit of hydrogen as a feasible alternative fuel for Hawaii. We recognize the State has difficult choices to make on the allocation of funds, and as a participant to the hydrogen implementation working group, the Alliance also recognizes the work DBEDT, HCATT, and other public and private sector participants have done to advance hydrogen for Hawaii. While industry has made and continues to make a significant investment in hydrogen, the Alliance also recognizes the importance of government support for infrastructure projects like a hydrogen fueling station. In 2016, the Legislature approved \$1.25 million for the design of a hydrogen fueling station, and this bill would bring the design to fruition.

Thank you for the opportunity to testify on this measure.

Gary M. Slovin
Mihoko E. Ito
R. Brian Tsujimura
C. Mike Kido
Tiffany N. Yajima
Matthew W. Tsujimura



RESOLUTION NO. _____

A RESOLUTION URGING THE HAWAI'I STATE LEGISLATURE TO PASS LEGISLATION TO REVITALIZE THE CITY OF HILO AND EAST HAWAI'I.

WHEREAS, there are eight bills currently being discussed in the Hawai'i State Legislature that will provide much needed stimulus and revitalization to Hilo and East Hawai'i; and

WHEREAS, Senate Bill 274 and its companion House Bill 575 authorizes the Board of Land and Natural Resources to extend commercial, hotel, resort, and industrial leases when the lessees make qualifying substantial improvement to the leased land; and

WHEREAS, Senate Bill 1184 and its companion House Bill 1310 establishes the Waiākea Peninsula Redevelopment District, Planning Committee, and Revolving Fund; and

WHEREAS, Senate Bill 1185 and its companion House Bill 1469 establishes procedures for designating public land redevelopment districts, planning committees, district redevelopment plans, and designated redevelopment district revolving funds, establishes powers and duties of planning committees, modifies public land lease restrictions and appropriates funds; and

WHEREAS, Senate Bill 1292 and its companion House Bill 1479 establishes the Hilo Community Economic District located in East Hawai'i and places it under the jurisdiction of the Hawai'i Community Development Authority, establishes the Hilo Community Economic Revolving Fund and sets its funding requirements; and

WHEREAS, under current laws and procedures, there has been little incentive for the lessees of State-owned properties to make major investments in improvements to the infrastructure and facilities on these public lands, resulting in the deterioration and stagnation of business; and

WHEREAS, State-owned properties in East Hawai'i, and in Hilo in particular, present an opportunity for the revitalization and redevelopment of the area's economy; and

WHEREAS, the Hawai'i County Council strongly supports all bills introduced in the current session of the Legislature and supports any legislation that will bring much needed revitalization and stimulus to the Banyan Drive and Kanoolehua Industrial Area; and

WHEREAS, the Hawai'i County Council is in support of allowing Hawai'i County to provide input and be involved in discussions regarding planning for the future of State-owned properties in Hilo and East Hawai'i to facilitate the revitalization and stimulation of our economy; now, therefore,


BE IT RESOLVED BY THE COUNCIL OF THE COUNTY OF HAWAI'I that the Hawai'i State Legislature is urged to pass legislation to revitalize the City of Hilo and East Hawai'i.

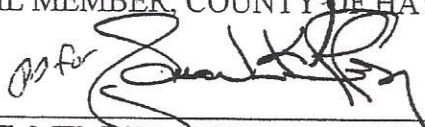
BE IT FURTHER RESOLVED that these bills are of the highest importance to the people of East Hawai'i, and to the economic growth of our Island.

BE IT FINALLY RESOLVED that the County Clerk shall transmit a copy of this resolution to the Honorable Governor David Y. Ige; all Hawai'i State Senators and Representatives; Suzanne D. Case, Chairperson, Department of Land and Natural Resources; Luis P. Salaveria, Director of the Department of Business, Economic Development and Tourism; Jobie M. K. Masagatani, Director of Department of Hawaiian Home Lands; Ford Fuchigami, Director, Department of Transportation; Jesse K. Souki, Executive Director, Hawai'i Community Development Authority; the Honorable Mayor Harry Kim; Michael Yee, Director, Hawai'i County Planning Department; Brian De Lima, Chair, Banyan Drive Hawai'i Redevelopment Agency; Albert Alapaki Nahale-a, Director, Kamehameha Schools-Hawai'i Island; Jacqui Hoover, Executive Director, Hawai'i Island Economic Development Board; David De Luz Jr., President, Kanoelehua Industrial Area Association; Mike Kaleikini, President, Hawai'i Island Chamber of Commerce; and Russell M. Arikawa, President, Japanese Chamber of Commerce and Industry of Hawai'i.

Dated at _____, Hawai'i, this _____ day of _____, 20__.

INTRODUCED BY:



 COUNCIL MEMBER, COUNTY OF HAWAI'I


 COUNCIL MEMBER, COUNTY OF HAWAI'I

COUNTY COUNCIL
 County of Hawai'i
 Hilo, Hawai'i

I hereby certify that the foregoing RESOLUTION was by the vote indicated to the right hereof adopted by the COUNCIL of the County of Hawai'i on _____.

ATTEST:

COUNTY CLERK CHAIRPERSON & PRESIDING OFFICER

ROLL CALL VOTE

	AYES	NOES	ABS	EX
CHUNG				
DAVID				
EOFF				
KANUHA				
LEE LOY				
O'HARA				
POINDEXTER				
RICHARDS				
RUGGLES				

Reference: _____

RESOLUTION NO. _____