



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2017**

ON THE FOLLOWING MEASURE:

H.B. NO. 1579, H.D. 1, RELATING TO ENERGY.

BEFORE THE:

SENATE COMMITTEES ON
ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY AND ON
TRANSPORTATION AND ENERGY

DATE: Friday, March 17, 2017

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 414

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Randall S. Nishiyama

Chairs Wakai and Inouye and Members of the Committees:

The Department of the Attorney General provides the following comments regarding this bill.

This bill may not achieve its purpose, which is to authorize the issuance of an unspecified amount of special facility revenue bonds pursuant to part III of chapter 206M, Hawaii Revised Statutes (HRS), and to appropriate such funds for fiscal year 2017-2018 to the High Technology Development Corporation. The purpose of the appropriation is for the development and construction of an electrolysis hydrogen production, storage, and dispensing facility to be managed by the Hawaii Center for Advanced Transportation Technologies.

We note that special facility revenue bonds contemplate that the special facility revenue bond proceeds will be used to finance a "special facility." Section 206M-41, HRS, defines a "special facility" as "one or more buildings, structures or facilities, and the land thereof located in an industrial park for the high technology industry" (emphasis added). We understand that the proposed facility is to be constructed on Department of Transportation property and not in a high technology industrial park. Consequently, it appears that special facility revenue bonds cannot be used to finance the proposed project.

To implement this project, we suggest the revenue bonds under part III of chapter 39, HRS, be authorized to be issued by the High Technology Development Corporation. We suggest the bill be revised as follows:

SECTION 1. The high technology development corporation, with the approval of the governor, is authorized to issue [~~special facility~~] revenue bonds in the sum of \$ or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2017-2018 for the development and construction of an electrolysis hydrogen production, storage, and dispensing facility to be managed by the Hawaii center for advanced transportation technologies.

SECTION 2. The [~~special facility~~] revenue bonds authorized pursuant to section 1 of this Act shall be issued in the name of the high technology development corporation and in accordance with part III of chapter [~~206M,~~] 39, Hawaii Revised Statutes.

SECTION 3. The sum appropriated shall be expended by the high technology development corporation of the department of business, economic development, and tourism for the purposes of this Act.

SECTION 4. The authorization to issue [~~special facility~~] revenue bonds under this Act shall lapse on June 30, 2022.

Thank you for the opportunity to testify on this matter.

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
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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 SENATE COMMITTEES ON ECONOMIC DEVELOPMENT, TOURISM AND
TECHNOLOGY AND
TRANSPORTATION AND ENERGY
ON
HOUSE BILL NO. 1579, H.D. 1

March 17, 2017

2:00 P.M.

Room 414

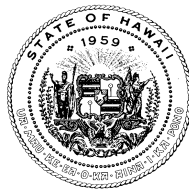
RELATING TO ENERGY

House Bill No. 1579, H.D. 1, 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 your consideration of our comments.

DAVID Y. IGE
GOVERNOR



Testimony by:
FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
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IN REPLY REFER TO:

March 17, 2017
2:00 P.m.
State Capitol, Room 308

H.B. 1579, H.D. 1
RELATING TO ENERGY

Senate Committee(s) on Economic Development, Tourism and Technology
& Transportation and Energy

The Department of Transportation strongly **supports** H.B. 1579, H.D. 1 which authorizes 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.

SanHi Government Strategies

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DATE: March 16, 2017

TO: Senator Glenn Wakai
Chair, Committee on Economic Development, Tourism, and
Technology

Senator Lorraine Inouye
Chair, Committee on Transportation and Energy

Submitted Via: ETTtestimony@capitol.hawaii.gov

RE: **H.B. 1579, H.D.1 – Relating to Energy**
Hearing Date: Friday, March 17, 2017 at 2:00 p.m.
Conference Room: 414

Dear Chair Wakai, Chair Inouye and Members of the Joint Committees:

On behalf of the Alliance of Automobile Manufacturers (“Alliance”) we submit this testimony in support of H.B. 1579, H.D.1. 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, the Department of Transportation, 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

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for infrastructure projects like a hydrogen fueling station. In 2016, the Legislature approved funds for the design of a hydrogen fueling station, and this bill would bring it to fruition.

Thank you for the opportunity to testify on this measure.



**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY AND
SENATE COMMITTEE ON TRANSPORTATION AND ENERGY**

March 17, 2017, 2:00 P.M.

Room 414

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 1579 HD1

Aloha Chairs Wakai and Inouye, Vice Chairs Taniguchi and Dela Cruz, and members of the committees:

Blue Planet Foundation **strongly supports** HB 1579 HD1 which would authorize the issuance of special revenue bonds and appropriate funds to the Hawaii High Technology Development Corporation for the purpose of constructing an electrolysis hydrogen production, storage, and dispensing facility.

Blue Planet Foundation is a leading advocate for the development of clean energy and clean transportation in Hawaii and believes that hydrogen vehicles can play a pivotal role in helping to eliminate fossil fuel use for ground transportation.

We also believe that since hydrogen is an energy storage medium, developing a hydrogen transportation sector will help the state meet its energy goals for the electricity sector by providing a means to store energy during periods when renewable energy production exceeds the electricity demand on the grid.

Capturing renewable energy that might otherwise be curtailed (or wasted) as hydrogen for transportation will not only reduce gasoline imports, but will also allow energy companies to utilize more of the energy their projects produce, enabling them to set cheaper power purchase agreements with utilities and reducing electricity costs for consumers.

We believe that there are two major barriers to the development of a hydrogen transportation sector in Hawaii: 1) a lack of available hydrogen vehicles on the market, and 2) a lack of hydrogen fueling infrastructure.

We expect that over the next 10 to 20 years, automobile manufacturers will supply the vehicles. Therefore, the critical barrier the state can help to overcome is on the infrastructure side. This bill would help to catalyze the development of the necessary infrastructure and will therefore help advance the hydrogen transportation sector in Hawaii.

Thank you for the opportunity to testify.

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