



**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
**HOUSE COMMITTEES ON
ENERGY & ENVIRONMENTAL PROTECTION
and
TRANSPORTATION**

Tuesday, February 13, 2018
11:00 a.m.
State Capitol, Conference Room 325

in consideration of
HB2028
RELATING TO ETHANOL.

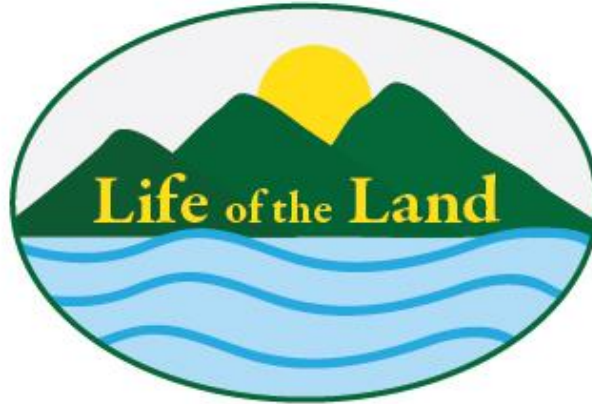
Chairs Lee and Aquino, Vice Chairs Lowen and Quinlan, and Members of the Committees.

The Department of Business, Economic Development & Tourism (“DBEDT”) **offers comments on** HB2028, that requires DBEDT to “adopt rules in accordance with Chapter 91 to *authorize* that gasoline sold in the State for use in motor vehicles may contain *up to* ten percent [10%] ethanol by volume.”

The Act 161 in 2015 repealed the *requirement* that gasoline for motor vehicles sold in the State include *exactly* ten per cent (10%) ethanol (formerly §486J-10, HRS and henceforth as “Ethanol Mandate”). The Legislature had found that the Ethanol Mandate did not produce any economic benefit for the State; further, the Legislature found that import of ethanol created an economic burden for state residents.

This measure does not currently provide guidance on the purpose of granting DBEDT authority over ethanol content in gasoline. DBEDT is uncertain of the intent of the measure since the potential advantages and disadvantage of this authorization are unclear.

Thank you for the opportunity to offer these comments on HB2028.



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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Chris Lee, Chair

Rep. Nicole E. Lowen, Vice Chair

COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair

Rep. Sean Quinlan, Vice Chair

Tuesday, February 13, 2018

11:00 a.m.

Conference Room 325

HB 2028 RELATED TO ETHANOL.

PLEASE HOLD

Aloha Chairs Lee and Aquino, Vice Chairs Lowen and Quinlan, and Members of the Committees

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 47 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

The bill Requires that DBEDT adopt rules authorizing distributors to sell gasoline containing up to 10% ethanol.

Ethanol should be banned in Hawai`i.

The ethanol craze, and ethanol subsidies, led Midwest farmers to convert from soybeans to corn. Rampant pesticide use is causing increasing dead zones in the Caribbean Sea. Soybean production was shifted to the Amazon rainforest, parts of which were razed.

Offshore gas wells were expanded to provide the fuel necessary to convert corn into ethanol. Some unscientific government studies suggested that for every three units of energy inputted to make ethanol, four units of energy would be available in the finished product. Many other studies suggested that the production of ethanol required more energy than the amount in the resulting ethanol.

The U.S. House passed the Waxman-Markey American Clean Energy and Security Act of 2009 which dealt with climate change but expressly prohibited the EPA from considering indirect land use changes (destruction of the Amazon) triggered by the ethanol craze.

Ethanol companies proposed building ethanol plants in specific Hawai'i districts. State law was changed: no matter how much fossil fuel is needed to make ethanol, and no matter how dirty the industrial conversion process is to transform bioenergy crops into ethanol, ethanol is 100 percent renewable energy. Ethanol companies never came, but the bizarre and non-green law remains on the books.

The ethanol craze led to the harmful impacts on two-stroke engines, something predicted by Life of the Land, but only discovered by state agencies after ethanol use was mandated.

Mahalo,

Henry Curtis
Executive Director



LATE

Headquarters
and Refining

91-480 Malakole St.
Kapolei, HI 96707

DATE: February 13, 2018
TIME: 11:00 am
PLACE: Conference Room 325
State Capitol
415 South Beretania Street

House Bill 2028, Relating to Ethanol

Aloha! Island Energy Services, LLC operates as a key supplier of petroleum products to the Hawaii market and economy. IES is in support of HB 2028.

In 2015, members of the petroleum industry sought relief from a law requiring ethanol to be blended into locally-sold gasoline. The then-20-year-old law had been enacted to promote ethanol production in Hawaii which had never materialized. To promote flexibility, legislators enacted Senate Bill 217 (2015), repealing the blending mandate and allowing for ethanol to continue to be blended as needed in Hawaii.

However, Department of Agriculture rules continue to contain references to outdated ethanol and a definition of ethanol-blended gasoline which have the practical impact of requiring gasoline to be sold with either zero *or* 10 percent ethanol. The now outdated rule defeats the legislature's intended flexibility to allow, but not require, ethanol to be blended in gasoline.

The intent of HB 2028 is to address the problem inadvertently created by the outdated rule. This measure represents an important step toward addressing the inflexibility. We urge its adoption and wish to be part of the dialog on this measure.

Mahalo,

Al Chee
Vice President
Island Energy
Retail Marketing & Community Relations



LATE

Testimony of Jim Yates,
President of the Hawaii Petroleum Marketers Association

**OFFERING COMMENTS ON HB BILL 2028,
RELATING TO ETHANOL**

House Committee on Energy & Environmental Protection
The Honorable Chris Lee, Chair
The Honorable Nicole Lowen, Vice Chair

House Committee on Transportation
The Honorable Henry Aquino, Chair
The Honorable Sean Quinlan, Vice Chair

Tuesday, February 13, 2018 at 11:00 a.m.
Hawaii State Capitol, Conference Room 325

Chairs Lee and Aquino and Members of the Committees,

I am Jim Yates, President of the Hawaii Petroleum Marketers Association (“HPMA”). HPMA is a non-profit trade association comprised of members who directly market liquid motor fuel products across the Hawaiian Islands. Our membership includes individuals and companies who operate as independent marketers, jobbers or distributors of petroleum products and who buy liquid motor fuel products at the wholesale level and sell or distribute products to retail customers, other wholesalers, and other bulk consumers. HPMA’s primary purpose is to protect and advance its members’ legislative and regulatory interests in the Hawaiian Islands and Washington, DC.

House Bill 2028 requires the Department of Business, Economic Development & Tourism to adopt rules authorizing distributors to sell gasoline containing up to 10% ethanol.

HPMA offers the following comments:

- Ethanol blending reports submitted to the State by fuel manufacturers and distributors during Hawaii’s ethanol blending mandate were largely suspended along with the repeal of the mandate.

Testimony of Jim Yates

President, Hawaii Petroleum Marketers Association

Offering Comments on House Bill 2028, Relating to Ethanol

House Committee on Energy & Environmental Protection

House Committee on Transportation

Tuesday, February 13, 2019 at 11:00 a.m. in Conference Room 325

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- To comply with the federal Renewable Fuel Standard II, to which Hawaii opted-in, manufacturers such as Par Hawaii Refining file reports titled “Quarterly Manufacturer Reports for Motor Vehicle Gasoline and Diesel Fuel” to the U.S. Environmental Protection Agency. One report is for gasoline and another is for diesel.
- The reports include a manufacturer’s data on total quarterly production volumes in gallons, brand names under which products are sold, and additive concentrations (i.e., ethanol, lubricity). The EPA does not require manufacturers to disclose the pricing of ethanol.
- Should the Legislature find it necessary for producers and distributors of ethanol to again submit reports to the State, we respectfully ask that State requirements mirror the federal reporting requirements with respect to frequency, types of information, and confidentiality provisions, but to exclude pricing data that is not requested in the EPA report but is a requirement in HB 2028.

Thank you for this opportunity to testify.

HB-2028

Submitted on: 2/8/2018 9:44:18 PM

Testimony for EEP on 2/13/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
William K. Chang	Citizen	Oppose	No

Comments:

HB-2028

Submitted on: 2/11/2018 9:52:32 PM

Testimony for EEP on 2/13/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cory Harden		Oppose	No

Comments:

Aloha legislators,

Ethanol displaces food crops, damages two-stroke engines, and may require more energy to produce than you ever get back.

mahalo,

Cory Harden