



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

DAVID Y. IGE
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LUIS P. SALAVERIA
DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Friday, February 23, 2018
2:00 p.m.
State Capitol, Conference Room 308

in consideration of
HB 584, HD1
RELATING TO ECONOMIC DEVELOPMENT.

Chairs Luke, Vice Chair Cullen, and Members of the Committee on Finance.

The Department of Business, Economic Development, and Tourism (DBEDT) **supports the intent** of HB 584, HD1, which expands the types of business activity eligible for participation in Hawaii's Enterprise Zone Program to include production of electricity from a biomass energy facility.

DBEDT appreciates that self-sufficiency in energy production is an important state goal, which this bill may encourage. For the purposes of the Enterprise Zone Program, DBEDT does not currently know how many companies would join the program under this business activity or how many jobs would be created.

We support the intent as long as the administration's budget priorities are not impacted.

Thank you for the opportunity to provide this testimony.

HB-584-HD-1

Submitted on: 2/22/2018 8:45:10 AM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jacqui Hoover	Hawaii Island Economic Development Board	Support	No

Comments:

Hawaii Island Economic Development Board (HIEDB) incorporated in 1984 and committed to diversifying and strengthening Hawaii Island's economy supports HB584 HD1 and the expansion of "the types of business activity eligible for participation in Hawaii's enterprise zone program to include production of electricity from a biomass energy facility." Costs for electricity in Hawaii are amongst the highest in the nation with costs on Hawaii Island significantly higher than those on Oahu and Maui. While Hawaii Island is outpacing the other islands in the use of renewable resources for production of electricity, additional opportunities for cost reduction and integration of renewable resources including and not limited to, biomass, will help including and not limited to, providing both direct and ancillary jobs. Mahalo for this opportunity to speak in support of HB584 HD1.

Honua Ola

BIOENERGY LLC

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.

Conference Room 308, State Capitol

RE: House Bill 584 HD1

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

I would like to provide the following comments in support of HB 584 HD1.

That Hawaii state goal of achieving 100% renewable energy by 2045 will be very difficult to achieve unless a diverse portfolio of technologies is fostered in the state. In addition, we recommend that the state needs renewable firm power which biomass energy generation provides, and we support the addition of biomass technology into this bill.

Biomass generation facility adds to the resiliency and redundancy of power generation that will be crucial for citizens and ratepayers in the event of a natural or manmade disaster. Our approach is thoughtful and meaningful especially in the sustainability of feedstock. The feedstock is a renewable source that is grown, harvested and replanted to provide for sustainable supply of renewable fuel. We are also doing R&D to utilize invasives such as Albizia for feedstock which will help the community and the environment.

A biomass energy generation facility will also create positive economic impacts for our state. It is an endeavor that costs millions of dollars to develop. Much of this money will be invested in the area and will create a ripple effect in the community. Creating jobs is a challenge in economically depressed areas such as Pepeekeo. Once a thriving area, it has gone into decline with the demise of the sugar industry. A biomass facility is anticipated to create 200 jobs in the construction phase and 30 high paying jobs to run the facility for the next 30 years. These jobs will require a high level of education as well.

We have done extensive outreach in the community and have engaged many stakeholders who support this type of economic driver in the area.

We stand in strong support of HB 584 HD1.

Thank you for the opportunity to provide testimony.

Kevin Owen
General Manager



Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.
Conference Room 308, State Capitol
RE: House Bill 584 HD1

Chair Luke, Vice Chair Cullen and Members of the Committee on Finance:

Kupu **supports** HB584 HD1 and provides the following comments:

The purpose of HB584 HD1 is to promote the diversification and development of Hawaii's economy by expanding the types of business activity eligible for participation in Hawaii's enterprise zone program to include production of electricity from a biomass energy facility.

Kupu is a 501(c)3 non-profit, that empowers future generations to create a more sustainable, pono Hawai'i. The organization provides hands-on training programs that educate and mentor youth to become stewards of our culture and environment, helping them develop a strong connection to the place in which we live.

This bill will help our youth by assisting to develop a sustainable industry of forestry in an economically depressed area of the Island of Hawaii.

The bill provides incentives to cultivate a new industry in extremely depressed economic zones. We see the opportunity to partner with a biomass energy developer as beneficial in a number of ways. Energy from biomass is a renewable fuel source, critical to our mission of environmental stewardship and the ability to provide internships will serve as character building and service-learning opportunities.

We **support** HB584 HD1.

Thank you for the opportunity to testify.



John Leong
Chief Executive Officer

HB-584-HD-1

Submitted on: 2/21/2018 11:48:50 AM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Oppose	No

Comments:

Oppose.

And we wonder why the state always pleads poverty to support needed services. Here's one of the biggest problems right here; exemptions & subsidies to large corporations who look for loopholes to get out of paying their fair share.

I was shocked to see all of the companies who are already getting exemptions. And you wonder why we're broke. Duh...

HB-584-HD-1

Submitted on: 2/21/2018 12:18:09 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
sharon	Individual	Oppose	No

Comments:

From Hawai'i Island -

Oppose more corporate influence and overdevelopment!!!

stop the polluters and greed!

Take care of our local people and basic infrastructure.

HB-584-HD-1

Submitted on: 2/21/2018 2:31:13 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Albert Nakaji	Individual	Support	No

Comments:

I am in support of the intent and purpose of HB584 HD1.

Hawaii County has long been supplied by electricity generated from biomass. In order to encourage new biomass to electricity production facilities/businesses, inclusion into enterprise zone eligibility is desirable.

HB-584-HD-1

Submitted on: 2/21/2018 3:23:29 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Koohan Paik	Individual	Oppose	No

Comments:

I am highly opposed to this ridiculous legislation that proves that our elected official works not for the people, but for the San Francisco based company formerly known as Hu Honua, now known as Honua Ola.

Our county is one of the most cash-strapped. The recent federal tax bill will cause greater suffering as less funding will be available for public needs. The recent decision that neighbor islands must help foot the bill for the Honolulu Rail boondoggle creates more scarcity of funds. If Honua Ola is going to be operating in Hawaii, it should be contributing -- like the rest of us.

Our Hawaii-Island communities are being torn apart as County Council and Mayor squabble over the necessity to raise the GET on our people, most of whom are working class, and living on the edge of, or smack-dab in poverty.

Shame on Mark Nakashima for proposing such a regressive and mean-spirited bill!

Thank you for the opportunity to weigh in on this critical issue at this critical time.

Koohan Paik, Honokaa

HB-584-HD-1

Submitted on: 2/21/2018 3:29:20 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Boland	Individual	Oppose	No

Comments:

Please represent the people, not the corporations.

Do not add Hua Honua or Honua Ola to the list of corporations that do not have to pay GET tax.

I am alsready horrified to find out that so many corporations are exempt from the tax at a time when the mayor is saying he needs to raise the GET for the rest of us.

I am a voter and will be making everyone i know aware of this. We don't need any more poloticians who want to give tax breaks to corporations and raising our tax.

Patricia Boland

PO Box 71 Paauilo, HI

96776

HB-584-HD-1

Submitted on: 2/21/2018 4:11:24 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Annette Barr	Individual	Oppose	No

Comments:

It is highly irresponsible to suggest that Honua Ola should be exempt from taxation. This company will eventually cost Hawaii county a great deal of money and environmental damage. I strongly oppose HB584

HB-584-HD-1

Submitted on: 2/21/2018 8:44:27 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
A Kathleen Lee	Individual	Oppose	No

Comments:

Aloha Honorable Representatives of Hawai'i,

We cannot allow profit-making corporations to be exempt from paying what we individual workers are responsible to pay, unless their charitable purpose is clear and worthy. This does not meet the test...in fact, the pollution produced will definitely require funds to cure.

April Lee

Hawi, HI

HB-584-HD-1

Submitted on: 2/21/2018 9:29:08 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Julia Paul	Individual	Oppose	No

Comments:

If small business is required to pay then ALL businesses need to pay.

HB-584-HD-1

Submitted on: 2/22/2018 6:50:23 AM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lucy Snyder	Individual	Oppose	No

Comments:

I am highly opposed to this legislation that will allow a San Francisco based company formerly known as Hu Honua, now known as Honua Ola, while making profit in our county avoid contributing to our county economy.

Enterprise zone programs in other parts of the country have not been shown to provide any significant benefit to the counties participating and in fact have only reduced the tax benefits. Our county is one of the most cash-strapped. The recent federal tax bill will cause greater suffering as less funding will be available for public needs. If Honua Ola is going to be operating in Hawaii, it should be contributing -- like the rest of us.

Sincerely,

Lucy Snyder

HB-584-HD-1

Submitted on: 2/22/2018 7:48:01 AM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Edward Johnston	Individual	Oppose	No

Comments:

I have been a Pepe'ekeo Point resident farmer since 1989. This Bill will exempt the Hu Honua project from the GET tax.

I oppose the bill for the following reasons:

1. This project is organized by well financed investors. They should not get special treatment at the expense of Hawaii residents— including folks retired and living on a fixed income.
2. To exempt politically connected businesses from the GET tax increases the burdens on others who must make up the difference.
3. Honestly I wonder how this Bill got so far in any case-- it may be unconstitutional to favor industry over individuals. It favors some industry over others. If enacted it will likely be challenged .

Thank you for considering my testimony.

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.

Conference Room 308, State Capitol

RE: House Bill 584 SD1

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

I strongly support HB 584 SD1.

I am Warren Lee and a long-time resident of Hawaii Island. I have held various positions on the island, including President of Hawaii Electric Light Company, and Director of Public Works for the County of Hawaii.

I know firsthand the difficulty of creating a viable economic engine in economically depressed zones. The island of Hawaii has five Enterprise Zones, and in 2015 Governor Ige approved the 20-year redesignation of three new Hawaii County Enterprise Zones: Hamakua, Hilo-Puna, and Kau.

There are not many eligible business activities that qualify for the Enterprise Zone designation. There are no renewable energy electricity production technologies that are eligible for this qualification except wind energy production. Biomass energy is renewable, sustainable electric power generation that is worthy of being designated an eligible business activity because of jobs created where they are most needed. The decline of jobs along the Hamakua coastline has devastated the community and the surrounding areas, and a biomass facility can help to stimulate business activity in that area and revitalize a depressed zone. Currently, the employment rate for the Hamakua area is an astonishing 43%.

Besides economic advantages, the biomass facility will also be contributing to the state's goal of 100% renewable energy by providing renewable firm power to the electric grid.

Thank you for the opportunity to provide testimony.

Warren Lee

HB-584-HD-1

Submitted on: 2/22/2018 10:35:38 AM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ro	Individual	Oppose	No

Comments:

Dear Legislators,

As a Big Island resident and accountant, I am vehemently opposed to this bill. This bill is being amended in order to provide preferential treatment for a specific project that has gone over budget, missed deadlines, and has been in varying stages of construction since 2010; all by their own mismanagement.

This biomass scheme is funded by well financed mainland investors and continues to be fast tracked because they intend to qualify for the Federal Investment Tax (ITC) at the end of 2018, in the amount of 100 million dollars. And now they are looking at the opportunity of "harvesting" additional tax credits from our State, subsidized by the same people they claim to be helping.

Let this biomass energy facility revitalize economically depressed Pepekeo by paying their fair share of taxes instead of putting the additional liability on the rest of the population to make up the difference. Please consider the needs of Hawaii County and that our County is cash-strapped. Residents will ultimately have to pay higher taxes here to fix the additional problems that this biomass facility will create, to include the repair of roadways and bridges. A Hawaii County benefit of this bill could also result in property tax adjustments for 3-years for this facility, further reducing tax payments to our County.

I stand in strong opposition to HB584 HD1.

Thank you for this opportunity to testify and your consideration.

Rosemary Gonzalez

HB-584-HD-1

Submitted on: 2/22/2018 11:08:47 AM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Carlos	Individual	Oppose	No

Comments:

Dear Legislators,

I stand in strong opposition to HB584 HD1.

As a Pepeekeo business owner, homeowner and resident, I am strongly opposed to this bill. This bill is being introduced so that the Honua Ola power generating facility (aka Hu Honua Bioenergy) will qualify for the 100% GET exemption as well as an 80% non-refundable State income tax exemption, and a 3-year exemption from any increase in property tax in Hawaii County.

The objective of this bill would be misapplied in that this company has already stated for the last 10 years that they would hire 30 employees. This bill does nothing to encourage the creation of additional jobs with this incentive. Take a look at the biennial Hawaii state reports for the Hawaii Enterprise Zone Program. The studies indicate that wind energy has not reported very many jobs. You should expect the same from biomass, especially since it is not a very popular means of creating energy and is still a very controversial issue in regards to greenhouse gas emissions.

Also, take into consideration the fact that unemployment for Hawaii County is at 2% and remains near a 10-year low.

For these reasons please vote against this bill.

Thank you for this opportunity to testify and your consideration.

Carlos Gonzalez

HB-584-HD-1

Submitted on: 2/22/2018 1:49:04 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Individual	Support	No

Comments:

HB-584-HD-1

Submitted on: 2/22/2018 1:59:07 PM

Testimony for FIN on 2/23/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
claudia rohr	Individual	Oppose	No

Comments:

HB584 HD1 Opposition

Dear Committee Members,

Biomass burning electric power generation is Not the type of Industry that will be low impact to Hawaii's environment. Biomass burning power plants must be built to code and get all their permits because they likely impact air quality, water quality, effect their neighbors property values, they can be a fire hazard to the local community, they can disrupt other viable businesses currently operating with their truck traffic. Biomass electric generation is a multimillion dollar industry that does not deserve to be treated the same as an agricultural project or the type of low impact projects currently listed in the law. There is no guarantee that jobs will be given to the local community or that trucking jobs related to moving biomass are any more deserving then other trucking jobs. Hu Honua Bioenergy, LLC will not be passing any savings on to rate payers since they have already negotiated their Power Purchase Agreement with HELCO. Please remove biomass burning electric power generation from this Bill.

Claudia Rohr

369 Nene St., Hilo, Hi

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.

Conference Room 308, State Capitol

RE: House Bill 584 HD1



Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

We support HB 584 HD1 to expand the types of business activity eligible for participation in Hawaii's enterprise zone program to include the production of electricity from a biomass energy facility.

Biomass energy is renewable, sustainable electric power generation that is worthy of being designated an eligible business activity because of jobs created where they are most needed. The decline of jobs along the Hamakua coastline has devastated the community and the surrounding areas, and a biomass facility can help to stimulate business activity in that area and revitalize a depressed zone.

The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,

Toni Bello

LATE

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.
Conference Room 308, State Capitol
RE: House Bill 584 HD1

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

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Biomass energy is renewable, sustainable electric power generation that is worthy of being designated an eligible business activity because of jobs created where they are most needed. The decline of jobs along the Hamakua coastline has devastated the community and the surrounding areas, and a biomass facility can help to stimulate business activity in that area and revitalize a depressed zone.

The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,
Carlton Bello

Testimony to the House Committee on Finance
Friday, February 23, 2018 2:00 p.m.
Conference Room 308, State Capitol
RE: House Bill 584 HD1

LATE

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

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The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,
Teodorico Mendoza Jr.

LATE

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.

Conference Room 308, State Capitol

RE: House Bill 584 HD1

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

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Biomass energy is renewable, sustainable electric power generation that is worthy of being designated an eligible business activity because of jobs created where they are most needed. The decline of jobs along the Hamakua coastline has devastated the community and the surrounding areas, and a biomass facility can help to stimulate business activity in that area and revitalize a depressed zone.

The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,

Frances Gravela

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.

Conference Room 308, State Capitol

RE: House Bill 584 HD1

LATE

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

We support HB 584 HD1 to expand the types of business activity eligible for participation in Hawaii's enterprise zone program to include the production of electricity from a biomass energy facility.

Biomass energy is renewable, sustainable electric power generation that is worthy of being designated an eligible business activity because of jobs created where they are most needed. The decline of jobs along the Hamakua coastline has devastated the community and the surrounding areas, and a biomass facility can help to stimulate business activity in that area and revitalize a depressed zone.

The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,

Mike Bilonta

Testimony to the House Committee on Finance
Friday, February 23, 2018 2:00 p.m.
Conference Room 308, State Capitol
RE: House Bill 584 HD1

LATE

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

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The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,
Jason Cuba

LATE

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.

Conference Room 308, State Capitol

RE: House Bill 584 HD1

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The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,

Marissa Mendoza

LATE

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.

Conference Room 308, State Capitol

RE: House Bill 584 HD1

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

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The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,
Chad Grace

Testimony to the House Committee on Finance

Friday, February 23, 2018 2:00 p.m.
Conference Room 308, State Capitol
RE: House Bill 584 HD1

LATE

TO: Chairperson Luke
Vice Chair Cullen
Members of the Committee on Finance

We support HB 584 HD1 to expand the types of business activity eligible for participation in Hawaii's enterprise zone program to include the production of electricity from a biomass energy facility.

Biomass energy is renewable, sustainable electric power generation that is worthy of being designated an eligible business activity because of jobs created where they are most needed. The decline of jobs along the Hamakua coastline has devastated the community and the surrounding areas, and a biomass facility can help to stimulate business activity in that area and revitalize a depressed zone.

The passage of this bill will benefit Hawaii island because of the abundance of biomass resources available on the island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola biomass firm power facility located in Pepeekeo, Hawaii, as well as contribute to the state's goal of 100% renewable energy. Honua Ola biomass facility is anticipated to create 200 jobs in the construction phase and approximately 30 jobs to run the facility for the next 30 years.

Thank you for the opportunity to provide testimony.

Aloha,
Lucille Chung



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

DAVID Y. IGE
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LUIS P. SALAVERIA
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MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director

LATE

Department of Business, Economic Development and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Friday, February 23, 2018

2:00 p.m.

State Capitol, Conference Room 308

in consideration of

HB 2547, HD 1

RELATING TO SUSTAINABILITY.

Chair Luke, Vice Chair Cullen, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) **supports the intent** of House Bill 2547, HD1, provided that its passage does not replace or adversely impact the priorities indicated in the Executive Budget. HB2547, HD1, establishes the Hawaii Sustainability Act, including an office of sustainability, and a state sustainability special fund. DBEDT offers the following comments and amendments.

DBEDT supports the development of a legal framework to serve as a foundation for the State of Hawaii's sustainability practices, in addition to the Hawaii State Planning Act's sustainability priority guidelines and principles set forth in Hawaii Revised Statutes §226-108. HB2547, HD1, also establishes an Office of Sustainability with seven permanent positions within DBEDT and appropriates \$2 million in general funds to be deposited in a state sustainability special fund.

If the committee intends to move this measure forward, DBEDT suggests the following **amendments**:

- 1) Establishing the Office of Sustainability to be a part of the Department of Business and Economic Development, and Tourism for administrative purposes, using the following language to amend subsection (a), page 6, of HB2547, HD1:

- (a) There is established within the department of business, economic development, and tourism, an office of sustainability, for administration purposes, to increase economic development, while developing and protecting resources in a manner that enables individuals to meet current needs and ensures that future generations can also meet their needs, from the joint perspective of environmental, economic, and community objectives through collaboration and cooperation between the public and private sectors.
- 2) Clarifying the appointment process for the director of the office of sustainability, under subsection (b), page 7, of HB2547, HD1:
- (b) The director shall be nominated by the governor and, by and with the advice and consent of the senate, appointed by the governor without regard to chapter 76 and shall be compensated at a rate determined by the governor. The director shall report to the director of business, economic development, and tourism, and shall not be required to report directly to any other principal executive department.
- 3) Allowing the office of sustainability to create rules subject to Chapter 91 of the Hawaii Revised Statutes.
- The office of sustainability shall adopt, amend, or repeal rules relating to matters within its jurisdiction in the manner prescribed in chapter 91.
- 4) Deleting the establishment of the State Sustainability Special Fund, while allowing the office to collect of investment earnings, gifts, donations, other income, rebates, grants, incentives, and capital appropriations. We note that if funds are made available to the office of sustainability, the office may administratively establish a new account or fund pursuant to HRS §37-40 and §37-52.5.
- 5) Suggesting that the positions and operating costs be General Funded rather than Special Funded to save on personnel costs.

Thank you for the opportunity to offer these comments in support of HB2547, HD1.