



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

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
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Statement of  
**LUIS P. SALAVERIA**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION**  
Tuesday, March 13, 2018  
8:30 a.m.  
State Capitol, Conference Room 325  
in consideration of  
**SB3077, SD2**  
**RELATING TO BIOFUELS.**

Chair Lee, Vice Chair Lowen, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) offers comments on SB3077, SD2, which: (1) increases the renewable fuel production tax credit (Tax Credit) cap from \$3,000,000 to \$3,500,000 per calendar year; (2) makes the Tax Credit permanent; (3) creates a renewable fuel facilitator position within DBEDT; (4) revises the definition of "renewable feedstock" to include "other renewable organic materials, such as logs, wood chips, wood pellets, and wood bark;" (5) revises the definition of "renewable fuels" to include "Logs, wood chips, wood pellets, or wood bark.;" (6) reduces the minimum production requirement to qualify for the Tax Credit from 15 billion BTU's to 2.5 billion BTU's; and (7) eliminates multiple sections within this HRS (specifically, HRS 235-110.31 (c) to (e) and (g) to (m)).

We appreciate the intent of this measure to establish a renewable fuel facilitator position within DBEDT. If the Legislature decides to authorize a designated renewable fuel facilitator position within DBEDT, we recommend that the position be funded using general funds. DBEDT offers these comments provided that the increase in the Tax Credit, making the Tax Credit permanent and creation of a new renewable fuel facilitator position do not adversely impact the Administration's revenue and budget priorities.

DBEDT supports the proposed new definitions for "renewable feedstock" and "renewable fuels.

While this bill intends to reduce the minimum production requirement to qualify for the Tax Credit from 15 billion BTU's to 2.5 billion BTU's, the definition of "credit period" still refers to renewable fuels production at a level of at least 15 billion BTU (page 4, lines 19-21 through page 5, lines 1-2). We recommend the bill make appropriate amendments to remedy this discrepancy.

DBEDT has strong concerns regarding this measure's provision on page 13, lines 14-18 which state "this Act shall be repealed and section 235-110.31(a), (b), and (f) Hawaii Revised Statute, shall be reenacted in the form in which it read on the day prior to the effective date of this Act" which eliminates HRS 235-110.31 (c) to (e) and (g) to (m). For instance, the repeal of subsection (c) negates the taxpayer's transparency requirements to complete and submit to DBEDT an independent, third-party certified statement with information to substantiate the tax credit being claimed. Without this information, DBEDT would be unable to administer the aggregate cap requirement per subsection (f). Also, repeal of subsection (g) further eliminates transparency by eliminating the provision whereby the tax credit information collected by DBEDT would no longer be available for public inspection. In fact, by repealing subsections (i) and (j) the tax payer would no longer need to provide any production notice or information related to the tax credit being claimed.

We defer to the Department of Taxation on its ability to administer its duties under this bill.

Thank you for the opportunity to offer comments.

DAVID Y. IGE  
GOVERNOR  
DOUGLAS S. CHIN  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR  
DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF TAXATION**  
830 PUNCHBOWL STREET, ROOM 221  
HONOLULU, HAWAII 96813  
<http://tax.hawaii.gov/>  
Phone: (808) 587-1540 / Fax: (808) 587-1560  
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To: The Honorable Chris Lee, Chair  
and Members of the House Committee on Energy & Environmental Protection

Date: Tuesday, March 13, 2018  
Time: 8:30 A.M.  
Place: Conference Room 325, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 3077, S.D. 2, Relating to Biofuels.

The Department of Taxation (Department) offers the following comments regarding S.B. 3077, S.D. 2, for your consideration.

S.B. 3077, S.D. 2, makes amendments to Hawaii Revised Statutes (HRS) section 235-110.31, which governs the nonrefundable Renewable Fuels Production Tax Credit (RFPTC). A summary of key provisions are as follows:

- Raises both the per-taxpayer cap and the aggregate cap on the RFPTC from \$3 million per taxable year to \$3.5 million per taxable year;
- Reduces the minimum annual renewable fuels production threshold that a taxpayer must meet to be eligible for the credit from fifteen billion British thermal units per calendar year to two billion five hundred million British thermal units per calendar year;
- Deletes the previous sunset date of December 31, 2021 and makes the RFPTC permanent;
- Adds a new section to HRS chapter 201, establishing within the Department of Business, Economic Development, and Tourism (DBEDT) a Renewable Fuel Facilitator position, with statutorily-prescribed responsibilities;
- Has a defective effective date of July 1, 2050, with the changes to HRS section 235-110.31, applying to taxable years beginning after December 31, 2017; and
- Is repealed on an unspecified date.

The Department notes that the Senate Committee on Ways and Means amended this measure by reducing the minimum annual renewable fuels production threshold that a taxpayer must meet to be eligible for the tax credit to 2,500,000,000 British thermal units, and by adding

an unspecified repeal date.

The Department is able to administer the increased RFPTC caps and defers to DBEDT on the establishment of the Renewable Fuel Facilitator position.

Thank you for the opportunity to provide comments.

**SB-3077-SD-2**

Submitted on: 3/12/2018 1:06:12 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

PRESENTATION OF THE  
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES  
DEMOCRATIC PARTY OF HAWAII  
TO THE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
THE HOUSE OF REPRESENTATIVES  
TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2018

Tuesday, March 13, 2018

8:30 p.m.

Hawaii State Capitol, Conference Room 325

RE: Testimony in Support of **SB3077 SD2**, RELATING TO BIOFUELS  
To the Honorable Chris Lee, Chair; the Honorable Nicole E. Lowen, Vice-Chair and  
Members of the Committee on Energy & Environmental Protection:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **SB3077 SD2**, regarding the Renewable Fuel Tax Credit; and a Renewable Fuel Facilitator.

The OCC Legislative Priorities Committee is in favor of **SB3077 SD2** and supports its passage.

**SB3077 SD2** is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it increases the renewable fuel tax credit cap to \$3,500,000 and makes the tax credit permanent and creates a renewable fuel facilitator position within the Department of Business, Economic Development, and Tourism.

Specifically, the DPH Platform provides that "[w]e support energy independence, self-sufficiency, affordability and reliability for Hawai'i through the development of renewable alternative energy sources. Specifically, we need to support policies that foster the development of energy production methods that de-emphasize carbon based fuels and promote renewable sources such as wind, solar, wave, geothermal and Ocean Thermal Energy Conversion (OTEC).

Electric utility companies and cooperatives must open the grid to alternative power sources including solar panels and geothermal energy. We support the effort of our government officials to require utilities to provide for the maximum, comprehensive, integrated use of renewable energy and associated technologies such as storage and smart grid technologies. (Platform of the DPH, P. 7, Lines 452-456, 459-462 (2016)).

Given that **SB3077 SD2** increases the renewable fuel tax credit cap to \$3,500,000 and makes the tax credit permanent and creates a renewable fuel facilitator position within the Department of Business, Economic Development, and Tourism, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889



## Testimony to the House on Energy & Environmental Protection

Tuesday, March 13, 2018 8:30 a.m.  
Conference Room 325, State Capitol  
RE: Senate Bill 3077 SD 1

Chair Lee, Vice Chair Lowen and Members of the Committee on Energy and Environmental Protection

Hawaii Gas **supports** SB3077 SD 1 and provides the following comments:

HB3077 SD1 proposes 1) to increase the renewable fuels production tax credit (PTC) by \$500,000 from \$3.0 million to \$3.5 million and to make the PTC permanent and 2) to create a renewable fuel facilitator position within the department of business, economic development, and tourism.

As Hawaii's only regulated gas utility, Hawaii Gas (HG) has been focused on initiatives to develop Renewable Natural Gas (RNG) in Hawaii. This year, HG is excited to implement its first RNG project on Oahu which sources RNG from the City and County of Honolulu's Honouliuli Wastewater Treatment Plant. HG is also focused on expanding its use of RNG, including RNG from additional wastewater treatment plants and landfills. However, the amount of RNG that can be produced is small, and will take many years to procure. Based on HG's studies to date, the only path to further scale local production of RNG is through sourcing the RNG from energy crops. HG is in the process of testing various energy crops before it makes significant investments in technology, land and other resources. These types of endeavors are expensive and a PTC helps to offset the costs, which are impactful to ratepayers. In our research, we have identified numerous obstacles in the path towards RNG, including but not limited to land and water resources, lack of farming incentives, very little federal and state incentives compared to the investment required. The renewable natural gas market has not enjoyed the same generous financial incentives that helped to accelerate the renewable power market, and therefore a permanent PTC is a sign that the Legislature is committed to supporting the endeavors to developing renewable fuels in Hawaii, including RNG. In addition, increasing the diversity of fuel sources, including renewable biofuels, such as RNG, upon which



critical infrastructure systems can depend, will help support the overall reliability and resiliency of those systems in the event of natural or manmade disasters.

Thank you for the opportunity to testify on SB 3077 SD1.





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#### COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Chris Lee, Chair

Rep. Nicole E. Lowen, Vice Chair

DATE: Tuesday, March 13, 2018

TIME: 8:30 a.m.

PLACE: Conference Room 325

SB 3077 RELATING TO BIOFUELS

Comments

Aloha Chair Lee, Vice Chair Lowen, and Members of the Committee

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.

Life of the Land has participated in ten Public Utilities Commission dockets that specifically reviewed biomass, biofuel, and bioenergy applications. One of the dockets is now on appeal to the Hawai`i Supreme Court.

Biofuels run the gamut from highly sustainable to planetary destroying.

The Hawai`i Legislature distinguished points on the renewable spectrum in 2004, and then reversed themselves in 2006.

Today, there is no distinction between a Pacific Biodiesel sustainable and local waste oil biodiesel project and a blatant corporate greed proposal as foretold in “The Lorax” fable by Dr. Seuss.

2004: The Legislature asserted that biofuels made from a combination of fossil fuels and renewable energy can be partially counted as renewable energy. (SB 2474 HD2, Act 95).

2006: To lure ethanol companies to Hawai`i, the Legislature asserted that biofuels are always renewable, even if they are made entirely from fossil fuels (SB 3185 CD1, Act 162, codified as HRS 269-91)

2009: The Legislature asserted that the PUC may authorize higher rates for ag-based electricity. (HB591 HD1 SD2, Act 185, codified as HRS §269-27.3)

2016: The Legislature created a nonrefundable tax credit to produce renewable fuels through 2021 (SB2652 SD2 HD2 CD1, Act 202)

2017: The legislature unanimously adopted a resolution calling for a Hawaii green fuels initiative to increase jobs and local food and biofuel feedstock production across the State. (SCR 121)

2018: The Legislature is advancing SB 3077 SD1. The bill would allow wildcat loggers to chop down the Amazon and Borneo rainforests, converts them to woodchips, transports the wood to Hawai`i, and burnt for electricity or converted to biofuel. The destruction of the planetary lungs would count as “Renewable fuels” and “Renewable feedstocks.”

The Legislature has never defined fossil fuel, nor ever defined renewable energy in terms of environmental, cultural and/or climatic impacts. Rather, the term renewable energy is used as a catchall to describe green fuels that will save the planet and black fuels that will aggressively promote further greenhouse gas emissions and run-away climatic change.

Two key factors in biofuel analysis are (a) accounting for all emissions, and (b) the time differential between the emission and the sequestration of greenhouse gases.

Mahalo,  
Henry Curtis  
Executive Director



COLLEGE OF SOCIAL SCIENCES

# HAWAII ENERGY POLICY FORUM

UNIVERSITY OF HAWAII 'I AT MĀNOA

## Hawaii Energy Policy Forum

Jeanne Schultz Afuvai, Hawaii Inst. for Public Affairs  
David Bissell, Kauai Island Utility Cooperative  
Michael Brittain, IBEW, Local Union 1260  
Jade Butay, Hawaii Dept of Transportation  
Caroline Carl, Hawaii Energy  
Albert Chee, Island Energy Services  
Elizabeth Cole, The Kohala Center  
Kyle Datta, Ulupono Initiative  
Richard DeGarmo, Hawaii Gas  
Mitch Ewan, UH Hawaii Natural Energy Institute  
Jay Fidell, ThinkTech Hawaii  
Carl Freedman, Haiku Design & Analysis  
Matthias Fripp, REIS at University of Hawaii  
Ford Fuchigami, Ofc of Hawaii State Governor  
Will Giese, Inter-Island Solar Supply  
Dale Hahn, Ofc of US Senator Brian Schatz  
Michael Hamnett, SSRI at University of Hawaii  
Senator Lorraine Inouye, Hawaii State Legislature  
Randy Iwase, Public Utilities Commission  
Darren Kimura, Energy Industries  
Representative Chris Lee, Hawaii State Legislature  
Gladys Marrone, Building Industry Assn of Hawaii  
Stephen Meder, UH Facilities and Planning  
Sharon Moriwaki, UH Public Policy Center  
Rocky Mould, City & County of Honolulu CCSR  
Aina Naniolo, Ofc of US Congresswoman Colleen Hanabusa  
Ron Nelson, Defense Logistics Energy Agency  
Dean Nishina, Division of Consumer Advocacy  
Denise Oda, US Department of Agriculture  
Stan Osberman, HCATT  
Melissa Pavlicek, Hawaii Public Policy Advocates  
Randy Perreira, Hawaii Government Employees Assn  
Fredrick Redell, Maui County Energy Office  
Rick Rocheleau, UH Hawaii Natural Energy Institute  
Ross Roley, PACOM  
Will Rolston, Hawaii County, Research & Development  
Peter Rosegg, Hawaiian Electric Companies  
Scott Sen, Hawaiian Electric Companies  
Carilyn Shon, Hawaii State Energy Office, DBEDT  
Joelle Simonpietri, Simonpietri LLC  
Ben Sullivan, Kauai County  
Lance Tanaka, Par Hawaii  
Maria Tome, Public Utilities Commission  
Kirsten Turner, Ofc of US Representative Tulsi Gabbard  
Alan Yamamoto, Ofc of US Senator Mazie Hirono

Testimony of Lance Tanaka  
Chair, Fuels Working Group  
Hawaii Energy Policy Forum

To the  
House Committee on Energy and Environmental Protection

March 13, 2018 at 8:30 a.m. in Conference Room 325

## IN SUPPORT OF SENATE BILL 3077, SENATE DRAFT 2, RELATING TO BIOFUELS

Chair Lee, Vice Chair Lowen and Members of the Committee,

I am Lance Tanaka, Chair of the Fuels Working Group of the Hawaii Energy Policy Forum (Forum). The Forum, created in 2002, is comprised of over 40 representatives from Hawaii's electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. Our vision and mission, and comprehensive "10 Point Action Plan" serves as a guide to move Hawaii toward its preferred energy goals.

SB 3077 increases the renewable fuel tax credit cap by \$500,000 to \$3,500,000 and makes the tax credit available to qualifying producers for the first 5 years of production. The bill also creates a renewable fuel facilitator position within the department of business, economic development, and tourism. Finally, the bill amends the definitions of "biofuels" and "renewable fuels" and "renewable Feedstocks" to better align with federal definitions.

### **The Forum supports this bill and would like to offer comments and amendments.**

SB 3077, SD 2 provides for facilitation and an incentive for the successful development of sustainable and integrated food and fuel projects in the Islands, of which biofuels will play a major role. The supply chain would fully utilize locally sourced materials—grown as well as man-made waste materials—to convert into food and/or fuel.

The Forum has been consistent each year in supporting the Barrel Tax and this Biofuel Production Facility Tax Credit, and in its desire to see the funds applied toward the original legislative intent of meeting Hawaii's food and energy security needs. The state's four fuel refining companies (Par Hawaii, Island Energy Services, Hawaii Gas, and Pacific Biodiesel), together comprise more than 90% of the manufacturing sector and 100% of the renewable fuel production capability in the state, and refine or distribute over two-thirds of the energy consumed in the state.

For fuel producers attempting to upgrade their operations to help the state meet its



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ambitious 100% renewable electricity, greenhouse gas reduction, and other clean energy goals and mandates, the Forum believes there currently is no position at the

Hawaii State Energy Office that is clearly responsible for facilitating information sharing across the important issues that renewable fuels touch upon, such as agriculture, water, health, waste re-use, and permitting. This bill seeks to dedicate one person in the Hawaii State Energy Office to fill this important facilitation role, and to fund it with the Energy Security Special Fund.

The Forum also requests that the Committee consider the following amendments:

- Amend definitions of “biofuel,” “renewable fuel” and “renewable feedstocks” to better conform to the Federal Renewable Fuel Standard (RFS) definitions. Doing so will ease both producer reporting and DBEDT certification of qualifying fuels. It will also facilitate the legislative intent set by last year’s HB 1578, signed into law as Act 33, SLH 2017 to establish a Carbon Farming Task Force within the Office of Planning to improve soil health and promote carbon sequestration. Updating the statutory definitions of renewable fuels will address both this desire and ease the way for state producers to sell renewable fuel credits to obligated parties outside Hawaii. Therefore, we recommend Part II, Section 2, 235-110.31 definitions of “renewable feedstocks” and “renewable fuels be amended to include “any feedstock and any fuel as defined by the U.S. EPA under 40 CFR Part 80 Renewable Fuel Standard.” (See <https://www.epa.gov/renewable-fuel-standard-program>.)
- Amend qualifying amount of fuel to be “20 cents per seventy-~~six~~seven thousand British thermal units of renewable fuels at 60 degrees Fahrenheit and 1 atmosphere of pressure using the lower heating value sold for distribution in Hawaii...” Again, doing so would better conform to the federal Renewable Fuel Standard (RFS) definitions and ease producer and DBEDT reporting.
- Clarify that “carbon emissions” reduction is desired specifically for fossil carbon sources. In Part III, Section 4, Chapter 201, HRS, (b)(2)(A)(i) add “fossil” to read: “...and reducing fossil carbon emissions...”

Thank you for the opportunity to testify.

*This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies*

# Honua Ola

BIOENERGY LLC

Testimony to the House Committee on Energy and Environmental Protection

Tuesday, March 13, 2018 8:30 a.m.  
Conference Room 325, State Capitol  
RE: Senate Bill 3077 SD2

Chair Lee, Vice Chair Lowen, and Members of the Committee on Energy and Environmental Protection

Honua Ola LLC supports SB3077 SD2 and provides the following comments:

HB3077 proposes 1) to clarify the definition of Biomass Crops, 2) to increase the renewable fuels production tax credit (PTC) by \$500,000 from \$3.0 million to \$3.5 million and to make the PTC permanent, and 3) to create a renewable fuel facilitator position within the Department of Business, Economic Development, and Tourism and requires reporting to the Legislature.

Honua Ola is planning to develop a biomass renewable energy facility by utilizing intentionally grown feedstock which will be replanted over the life cycle of the facility. This creates a sustainable feedstock with net zero impact to carbon emissions. The reason that the definition of biomass crops is important to clarify in this proposed legislation is because our intent is to also try to harvest albezia, an invasive species, which is unintentionally grown and a nuisance to the Island of Hawaii. Albezia grows rapidly and is not only an invasive species, but it also is a potential safety hazard due to the shallow root system, which causes the massive trees to topple unexpectedly. It costs taxpayers and landowners thousands of dollars to remove albezia trees. By using this invasive tree as feedstock, we can help the community deal with a dangerous problem while contributing to the renewable energy goals of the state.

In addition, biomass facilities require large amounts of capital, and does not currently benefit from state or federal incentives, unlike other renewable technologies. By raising the cap on the annual credits and extending the PTC, it will also assist in creating a sustainable foresting and energy industry in a currently depressed economic area of the Island of Hawaii. Current unemployment rate is almost 45% in the Pepeekeo district and this bill will enable hundreds of new construction and permanent jobs. And, in an area where the poverty rate is 1.5 times the national average, it can help stimulate the local economy with jobs and create a new industry, which will provide much needed economic development.

Thank you for the opportunity to testify and support SB3077 SD2.

Kevin Owen  
General Manager

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Make Renewable Fuels Production Credit Permanent and Increase Cap

BILL NUMBER: SB 3077, SD-2

INTRODUCED BY: Senate Committee on Ways & Means

EXECUTIVE SUMMARY: Increases the renewable fuel production tax credit cap to \$3,500,000 and makes the tax credit permanent. A direct appropriation would be preferable as it would provide some accountability for the taxpayer funds being utilized to support this effort. Meaning, we as taxpayers know what we're getting and we know how much we're paying for it.

SYNOPSIS: As this bill relates to the renewable fuel tax credit in section 235-110.31, the bill replaces \$3,000,000 with \$3,500,000 wherever it appears, thereby increasing the credit cap.

The bill also allows renewable organic material, such as logs, wood chips, wood pellets, and wood bark, to qualify as biomass crops and therefore as "renewable feedstocks" that would qualify for the incentives under the bill. For good measure, the bill also amends the definition of "renewable fuels" specifically to include logs, wood chips, wood pellets, or wood bark.

The bill also amends Act 202, SLH 2016, to delete the sunset date of the credit.

EFFECTIVE DATE: July 1, 2050; the credit provisions apply to taxable years beginning after December 31, 2017; repeals on \_\_\_\_\_.

STAFF COMMENTS: Act 289, SLH 2000, established an investment tax credit to encourage the construction of an ethanol production facility in the state. Act 140, SLH 2004, changed the credit from an investment tax credit to a facility tax credit. This measure proposes to replace the ethanol facility tax credit with a renewable fuels production tax credit.

While the idea of providing a tax credit to encourage such activities may have been acceptable a few years ago when the economy was on a roll and advocates could point to credits like those to encourage construction and renovation activities, what lawmakers and administrators have learned in these past few years is that unbridled tax incentives, where there is no accountability or limits on how much in credits can be claimed, are irresponsible as the cost of these credits goes far beyond what was ever intended. Instead, lawmakers should consider repealing the production credit and look for other types of alternate energy to encourage through the appropriation of a specific number of taxpayer dollars. At least lawmakers would have a better idea of what is being funded and hold the developers of these alternate forms of energy to a deliberate timetable or else lose the funds altogether. A direct appropriation would be preferable to the tax credit as it would: (1) provide some accountability for the taxpayers' funds being utilized to support this effort; and (2) not be a blank check.

Ethanol was the panacea of yesterday; lawmakers have since learned that there are more minuses to the use of ethanol than there are pluses. Ethanol production demands more energy to produce

than using a traditional petroleum product to produce the same amount of energy, and the demand for feedstock that is used to produce ethanol basically redirects that feedstock away from traditional uses, causing products derived from the feedstock to substantially increase in price. It may make sense to encourage development of other alternative fuels that will not have these issues, but doing it in open-ended fashion by way of a tax credit is an invitation to abuse.

An appropriation of taxpayer dollars for such untried and unproven technologies would be far more accountable than the tax credit as such technologies would have undergone the scrutiny of lawmakers. Providing a tax incentive is an indicator that lawmakers are unwilling to do the hard research and unwilling to impose strict discipline in the expenditure of hard-earned tax dollars. The tax incentive approach represents nothing more than a hope and a wish that some breakthrough will be made, no matter how inefficient it may be, that some alternative to fossil fuel will be found. In the meantime, those tax dollars will be wasted on some unproven folly. If this were an appropriation, taxpayers would then know who to hold accountable for the waste of those tax dollars.

These, along with numerous other proposals targeted at specific types of business activity, are truly an indictment of what everyone has known and acknowledged since before Hawaii became a state, that is, the climate imposed by government regulations and taxation makes it difficult to survive without some kind of subsidy such as tax credits from government. Once those subsidies disappear, so will the businesses. Instead of throwing out such breaks for special interests, lawmakers must endeavor to make Hawaii's business climate more welcoming and conducive to nurturing entrepreneurs.

Digested 3/12/2018

**LATE**

**SB-3077-SD-2**

Submitted on: 3/12/2018 11:56:36 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carl Campagna	Hawaii Bioeconomy Trade Organization	Support	No

Comments:

Hawaii Bioeconomy Trade Organization Position: Strong Support We give testimony in strong support for SB3077.

Biofuels could significantly advance the state's clean energy goals. Biofuels use organic matter to produce a predictable supply of green energy that can be stored in presently used power plants and consumed locally by air, marine and ground transportation. Additionally, biofuels can be locally produced, directly creating job growth in Hawaii's energy, farming, and manufacturing industries. In May of 2016, the Sustainable Biodiesel Alliance provided a Pacific Biodiesel plant with the first United States-based certification of sustainability for a biodiesel plant. This certification demonstrates that investing in biofuel technology will lead to increases in the technology's efficiency, profitability, and sustainability as a renewable energy source. In 2016, the legislature passed and Governor David Ige signed into law Act 202, which created a nonrefundable tax credit for the production of renewable fuels, including biodiesel, to be implemented over the next five years. According to Pacific Biodiesel President Robert King, the measure will encourage investment in renewable fuel production in Hawaii, create jobs, provide clean energy security, and fight climate change. In 2017, the legislature unanimously adopted Senate Concurrent Resolution 121, calling for a Hawaii Green Fuels Initiative to increase jobs and local food and biofuel feedstock production across the state. Increasing biofuel production may heighten food security for Hawaii. Currently, nearly ninety per cent of Hawaii's food is imported, making Hawaii's population especially vulnerable to shipping and food supply disruptions resulting from natural disasters and other global events. Research conducted by the World Bank in 2010 and ABF Economics in 2013 found no direct correlation between biofuels and elevated food prices. Therefore, investing in biofuel production will improve agricultural development and crop yields that are important to Hawaii's food security without increasing costs for consumers. The combination of the tax credit increase along with the elimination of the sunset will allow for a more definitive investment into the State and the Bioeconomy sector. Furthermore, the addition of a Biofuels or Bioeconomy Facilitator at the State as well as City and County levels will provide opportunity to help develop and advance these projects to completion. Specifically, the desire to streamline the permitting process similarly as we did for the Solar PV sector. Key



Addition: We recommend that there be language added to address the time line for each permit reviewing agency. We would recommend that this timeline for review and comment be no more than 30 days. This would give the developers the guidance needed to revise or modify their projects in a timely manner in an effort to build the projects to completion. We have found instances where projects have been stalled for more than a year as the plans sit with one agency. Many thanks for your time and consideration

Carl Campagna

Executive Director Hawaii Bioeconomy Trade Organization

808-383-7699

Ccampa1@msn.com

**SB-3077-SD-2**

Submitted on: 3/10/2018 11:08:04 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Richard Reed	Individual	Oppose	No

Comments:

Biofuels are NOT clean energy. The process of taking biomass off the land and transporting it via diesel trucks on already deteriorating highways to be burned to create steam to be transferred to mechanical energy to be transferred to electrical energy to be transmitted against the resistance of wires to Island homes is its self energy intensive. Additionally the process emits CO2 and numerous carcinogens including furans and dioxin, the latter of which is the most carcinogenic known to man.

To imagine this will result in more food production is a non sequiter.

The \$3,500,000 planned subsidy to this industry would be FAR better spent subsidizing the transition to truly clean renewables such as solar and wind or wave.

**SB-3077-SD-2**

Submitted on: 3/10/2018 4:28:01 PM

Testimony for EEP on 3/13/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Erica Scott	Individual	Support	No

Comments:

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.  
Conference Room 325, State Capitol  
SB 3077 SD2

TO: Rep. Chris Lee, Chairperson  
Rep. Nicole Lowen, Vice-Chair  
Members of the Committee

SB 3077 SD2– A Bill for an Act Relating to Biofuels

I am submitting testimony in support of SB 3077 SD2 to increase the renewable fuel tax credit cap to \$3.5 million and make the tax credit permanent.

Hawaii is almost entirely dependent on imported oil for electricity, transportation, and other energy uses. We rely on oil for nearly 90% of our energy needs. We have the highest electricity costs in the United States, and some of the highest gasoline prices in the country.

Because all petroleum resources are imported to the state, Hawaii is particularly vulnerable to supply disruptions and price fluctuations.

Let's not rely on imported oil! We must reduce this dependence on imported oil, conscientiously utilize all our available local resources, and strive to become *energy independent*.

Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola (aka Hu Honua Bioenergy) biomass firm power facility in Pepeekeo in the county of Hawaii. Biomass resources are plentiful on Hawaii Island and the potential for ancillary job opportunities in agriculture, forestry, energy, farming, manufacturing, power facility management and maintenance, present a very tangible and attainable future for the state and county of Hawaii.

We must encourage investment in renewable fuel production in Hawaii. Increasing the renewable fuel tax credit will certainly facilitate this investment and fulfill the need for biofuel technology to produce firm power for the county of Hawaii.

Thank you for the opportunity to provide testimony.

Aloha,  
Adele Cacho

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SB 3077 SD2

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Aloha,  
Helen and Jesus Realin

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Aloha,  
Ricky Johnson

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Thank you for the opportunity to provide testimony.

Aloha,  
Carrie Ann and Santos Masulit

**SB-3077-SD-2**

Submitted on: 3/12/2018 10:44:04 AM

Testimony for EEP on 3/13/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
R. Kinslow	Individual	Support	No

Comments:

Biofuels are not the answer to a low carbon future. However, they may be an interim step. The carbon footprint of such fuels could be studied at greater length. I support developing a local energy dense fuel source in the islands for emergency use.



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Aloha,  
Abel Salazar

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Aloha,

Chad Grace

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SB 3077 SD2

TO: Rep. Chris Lee, Chairperson  
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RE: SB 3077 SD2 – A Bill for an Act Relating to Biofuels

We are residents of Pepeekeo and support SB 3077 SD2.

We must reduce our dependence on imported oil and utilize all available local resources and strive to become energy independent. To reduce our dependence on imported oil, our community must make the most of all available local resources, including biofuels. Biofuel production will facilitate the creation of new industries in forestry, manufacturing, farming, energy, and stimulate the entrepreneurial ventures in both our local and investing populace. This incentive will help to serve as a catalyst to boost employment in construction and affiliate projects, thereby creating a broader base of job opportunities.

Biomass resources are in abundant supply on the Big Island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola (aka Hu Honua Bioenergy) biomass firm power facility in Pepeekeo. Biofuel technology is needed for the Honua Ola biomass power facility to produce firm power.

We are pleased the Legislature has committed to supporting the efforts to develop renewable fuels, including biomass. Increasing the renewable fuel tax credit and making the tax credit permanent will further encourage investment in renewable fuel production in Hawaii, create jobs and provide clean energy as well as significantly advance the state's clean energy goal of achieving 100% clean energy by 2045.

Thank you for the opportunity to provide testimony.

With warm aloha,  
Teofilo and Donna Ragocos  
Louis and Kathleen Azevedo  
Firmin and Junie Tehero  
Debra Moses

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Aloha,

Edwin and Marilyn Tolentino

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Aloha,

Frances Gravela

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Aloha,  
Jason Cuba



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Aloha,

JaydiLyn Veriato-Souza

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We must encourage investment in renewable fuel production in Hawaii. Increasing the renewable fuel tax credit will certainly facilitate this investment and fulfill the need for biofuel technology to produce firm power for the county of Hawaii.

Thank you for the opportunity to provide testimony.

Aloha,  
Lucille Chung

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.

Conference Room 325, State Capitol

SB 3077 SD2

TO: Rep. Chris Lee, Chairperson  
Rep. Nicole Lowen, Vice-Chair  
Members of the Committee

SB 3077 SD2– A Bill for an Act Relating to Biofuels

I am submitting testimony in support of SB 3077 SD2 to increase the renewable fuel tax credit cap to \$3.5 million and make the tax credit permanent.

Hawaii is almost entirely dependent on imported oil for electricity, transportation, and other energy uses. We rely on oil for nearly 90% of our energy needs. We have the highest electricity costs in the United States, and some of the highest gasoline prices in the country.

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Aloha,

Marissa Mendoza

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.

Conference Room 325, State Capitol

SB 3077 SD2

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Rep. Nicole Lowen, Vice-Chair  
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Thank you for the opportunity to provide testimony.

Aloha,  
Mike Bilonta

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.

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Rep. Nicole Lowen, Vice-Chair  
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Thank you for the opportunity to provide testimony.

Aloha,

Preston and Kathleen Mendoza



## Testimony to the House Committee on Energy and Environmental Protection

Tuesday, March 13, 2018 8:30 a.m.  
Conference Room 325, State Capitol  
RE: Senate Bill 3077 SD2

To: Chair Representative Chris Lee  
Vice Chair Representative Nicole Lowen  
Members of the Committee on Energy and Environmental Protection

I support SB 3077 SD2 to increase the renewable fuel tax credit cap to \$3.5 million and make the tax credit permanent.

My name is Thomas Collet. I am a management consultant working in the area of developing forest products production operations with experience in North and South America and Asia. I have a BS in Forestry and an MBA in International Business.

The Honua Ola power project creates a unique opportunity for the community of Hawaii to break its dependence on imported fossil fuels by substituting clean, renewable, sustainable, local, purpose grown biomass fuel. In addition to cleaner air, local benefits will include keeping money spent on imported fuel on the island, creating new jobs in the agro-forestry sector, and utilizing fallow land by converting it for tree production.

The Union of Concerned Scientists have described bio-mass power generation as a method of “de-carbonizing” the energy industry and describes it as essentially “carbon neutral” ([https://www.ucsusa.org/clean\\_energy/our-energy-choices/renewable-energy/how-biomass-energy-works.html#.WoTTk2aZPUo](https://www.ucsusa.org/clean_energy/our-energy-choices/renewable-energy/how-biomass-energy-works.html#.WoTTk2aZPUo))

Thomas Collet  
Thomas Collet Consulting LLC  
Eugene, OR

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.

Conference Room 325, State Capitol

SB 3077 SD2

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Rep. Nicole Lowen, Vice-Chair  
Members of the Committee

SB 3077 SD2– A Bill for an Act Relating to Biofuels

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We must encourage investment in renewable fuel production in Hawaii. Increasing the renewable fuel tax credit will certainly facilitate this investment and fulfill the need for biofuel technology to produce firm power for the county of Hawaii.

Thank you for the opportunity to provide testimony.

Aloha,

Stanley and Tanya Sato

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.

Conference Room 325, State Capitol

SB 3077 SD2

TO: Rep. Chris Lee, Chairperson  
Rep. Nicole Lowen, Vice-Chair  
Members of the Committee

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We must encourage investment in renewable fuel production in Hawaii. Increasing the renewable fuel tax credit will certainly facilitate this investment and fulfill the need for biofuel technology to produce firm power for the county of Hawaii.

Thank you for the opportunity to provide testimony.

Aloha,

Sutera Soares

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.  
Conference Room 325, State Capitol  
SB 3077 SD2

TO: Rep. Chris Lee, Chairperson  
Rep. Nicole Lowen, Vice-Chair  
Members of the Committee

RE: SB 3077 SD2 – A Bill for an Act Relating to Biofuels

We are residents of Pepeekeo and support SB 3077 SD2.

We must reduce our dependence on imported oil and utilize all available local resources and strive to become energy independent. To reduce our dependence on imported oil, our community must make the most of all available local resources, including biofuels. Biofuel production will facilitate the creation of new industries in forestry, manufacturing, farming, energy, and stimulate the entrepreneurial ventures in both our local and investing populace. This incentive will help to serve as a catalyst to boost employment in construction and affiliate projects, thereby creating a broader base of job opportunities.

Biomass resources are in abundant supply on the Big Island. Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola (aka Hu Honua Bioenergy) biomass firm power facility in Pepeekeo. Biofuel technology is needed for the Honua Ola biomass power facility to produce firm power.

We are pleased the Legislature has committed to supporting the efforts to develop renewable fuels, including biomass. Increasing the renewable fuel tax credit and making the tax credit permanent will further encourage investment in renewable fuel production in Hawaii, create jobs and provide clean energy as well as significantly advance the state's clean energy goal of achieving 100% clean energy by 2045.

Thank you for the opportunity to provide testimony.

With warm aloha,  
Teofilo and Donna Ragocos  
Louis and Kathleen Azevedo  
Firmin and Junie Tehero  
Debra Moses

## Testimony to the House Committee on Energy and Environmental Protection

Tuesday, March 13, 2018 8:30 a.m.  
Conference Room 325, State Capitol  
RE: Senate Bill 3077 SD2

Chair Lee, Vice Chair Lowen and Members of the Committee on Energy and Environmental Protection

I **support** SB3077 SD2 and provide the following comments:

SB3077 proposes 1) to clarify the definition of Biomass Crops, 2) to increase the renewable fuels production tax credit (PTC) by \$500,000 from \$3.0 million to \$3.5 million and to make the PTC permanent and 3) to create a renewable fuel facilitator position within the Department of Business, Economic Development, and Tourism and requires reporting to the Legislature.

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

I appreciate the difficulty of achieving 100% renewable energy in the state of Hawaii, as well as know first-hand the difficulty of creating a viable economic engine in economically depressed areas.

By providing biofuel production tax credits, it can help to start a new farming and forestry industry on the island, while providing firm power to the grid.

I stand in strong **support** of SB3077 SD2.

Thank you for the opportunity to testify.

Warren Lee

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**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.

Conference Room 325, State Capitol

SB 3077 SD2

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Rep. Nicole Lowen, Vice-Chair  
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Thank you for the opportunity to provide testimony.

Aloha,  
Toni and Carlton Bello  
Pepeekeo Residents

**Testimony to the House Committee on Energy and Environmental Protection**

Tuesday, March 13, 2018 8:30 a.m.

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Thank you for the opportunity to provide testimony.

Aloha,  
Lorraine and Teodorico Mendoza Jr.  
Pepeekeo Residents

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Tuesday, March 13, 2018 8:30 a.m.

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SB 3077 SD2

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Aloha,  
Toni and Carlton Bello  
Pepeekeo Residents



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Thank you for the opportunity to provide testimony.

Aloha,  
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Pepeekeo Residents