



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE
Wednesday, April 4, 2018
2:30 p.m.
State Capitol, Conference Room 308
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DBEDT has strong concerns regarding this measure's provision on page 13, lines 14-18 which state "this Act shall be repealed and section 235-110.31(a), (b), and (f) Hawaii Revised Statute, shall be reenacted in the form in which it read on the day prior to the effective date of this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.



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
Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Wednesday, April 4, 2018
Time: 2:30 P.M.
Place: Conference Room 308, 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 2.5 billion British thermal units, and by adding an unspecified repeal date.

The Department notes that it 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.

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

Hawaii BioEconomy Trade Organization

HOUSE OF REPRESENTATIVES / HAWAII STATE SENATE
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018

COMMITTEE ON FINANCE
Rep Sylvia Luke, Chair
Rep Ty Cullen, Vice Chair

DATE: April 4th, 2018
TIME: 2:30pm
PLACE: Conference Room 308
State Capitol
415 South Beretania Street

TESTIMONY ON SENATE BILL NO. 3077 SD2, RELATING TO BIOFUELS

Position: Support with Modifications

To the Honorable Rep Sylvia Luke, Chair; the Honorable Rep Ty Cullen, Vice Chair; and Members of the Committee:

Thank you for the opportunity to provide written testimony on Senate Bill No. 3077 SD2.

The Hawaii Bioeconomy Trade Association (HBETO) is a newly forming non-profit trade association with members engaged in the production or development of integrated food, energy, and waste-re-use projects to help the State of Hawai'i meet its ambitious renewable energy and local food production goals and mandates. At the 3rd Annual Bioeconomy Hawaii Forum held at the Capitol in January 2018, a maximum-capacity group of over 120 attendees from the private, public, and non-profit sectors convened to discuss opportunities and challenges to sustainable business producing integrated food, energy, and value-added products in Hawaii and to vote on priorities for policy and industry standards and facilitation.

SB 3077 increases the renewable fuel tax credit cap by \$500,000 to a combined cap of \$3,500,000 and makes the tax credit permanently available for the first five years of each qualifying plant's production. The bill also creates a renewable fuel facilitator position within the department of business, economic development, and tourism, to be one of the thirty-six (36) current Hawaii State Energy Office positions currently funded by the Energy Security Special Fund (aka, the "barrel tax"). Finally, the bill amends the definitions of "biofuels" and "renewable fuels" and "renewable Feedstocks" to better align with federal definitions.

The amendment SD1 makes the renewable fuel production tax credit permanent effective this year, which we whole-heartedly support. The amendment SD1 also, however, defers action on the other sections of the bill, to include the renewable fuel facilitator and the reconciliation of the different statutory definitions of "biofuel", to an effective date of July 1, 2050, "for discussion purposes."

With respect to the desire for discussion, we offer that the legislature unanimously adopted S.C.R. No. 121, Regular Session of 2017, calling for a Hawaii green fuels initiative to increase jobs and local food and biofuel feedstock production across the State, as an example of prior legislative intent and discussion. This resolution came on the 10-year anniversary of Act 253, Session Laws of Hawaii 2007, which required the State to develop a Hawaii Bioenergy Master Plan and associated program and staffing support. DBEDT's foreword to the final report to the Legislature for Act 253 states "*The Bioenergy Master Plan project is just the beginning of a*

Hawaii BioEconomy Trade Organization

statewide effort to understand the current and future potential of energy from – and for – Hawaii's agricultural sector. This is an important area, with great potential and implications for both energy and food security. We are working to develop a common vision and understanding of the opportunities while acknowledging the legal, environmental, and business realities that need to be addressed at every step along the way... As stated in HNEI's Executive Summary, the enabling legislation stated as its primary intent "develop a Hawaii renewable biofuels program." Thus, although the document includes information on the many private sector activities taking place, the emphasis is on government actions."

We offer that all parts of SB3077SD2 support that legislative intent.

Unfortunately, the state's four established fuel refining companies (Par Hawaii, Island Energy Services, Hawaii Gas, and Pacific Biodiesel) together comprise over 90% of the State's 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. These companies currently have no fuels specialist or counterpart to call upon at the Hawaii State Energy Office. There currently is no position at the Hawaii State Energy Office or DBEDT staff member responsible for advising the DBEDT Director, Governor, or Legislature on technical, market, or policy developments in the area of traditional or renewable fuels, or air or marine transportation fossil carbon replacement. There is no-one clearly responsible for facilitating information sharing between state, federal, and county levels across the important issues that renewable fuels touch upon, such as agriculture, water, health, waste re-use, and planning and permitting. Passing this bill would establish one (1) of the existing thirty-six (36) Hawaii State Energy Office (HSEO) positions to fill this important facilitation role. The position would be funded by the current and existing funding mechanism in statute, the "barrel tax" Energy Security Special Fund.

We submit this testimony in support of SB3077SD1, and recommend the following amendments to SD1 for the Committee's consideration:

- Amend definitions of "biofuel," "renewable fuel" and "renewable feedstocks" to better conform with the Federal Renewable Fuel Standard (RFS) definitions. Doing so would ease the producer reporting and DBEDT certification of qualifying fuel. It will also facilitate current and future state producers to monetize carbon sequestration and fossil carbon reduction benefits, in the form of 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" (SB2077HD1 page 6 line 4, and page 5 line 10) be amended to include "any renewable feedstock and renewable fuel approved as such by the U.S. Environmental Protection Agency under the U.S. federal Renewable Fuel Standard (RFS) in accordance with Code of Federal Regulations Title 40 Chapter I Subchapter C part 80 (40 CFR part 80)." For more info on the federal RFS, see <https://www.epa.gov/renewable-fuel-standard-program>
- Amend qualifying amount of fuel to be "20 cents per ~~seventy-six~~seventy 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 with the Federal Renewable Fuel Standard (RFS) definitions and ease the producer reporting and DBEDT certification of qualifying fuel.
- Clarify that "carbon emissions" reduction is desired specifically for fossil carbon sources. In Part III, Section 4, 201 (b)(2)(A)(i) add "fossil" to read: "... and reducing fossil carbon emissions..."

Many thanks for your time and consideration

Carl Campagna
Executive Director
Hawaii Bioeconomy Trade Organization
808-383-7699
Ccampa1@msn.com



Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

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

Hawaii Gas **supports** SB3077 SD2 and provides the following comments:

HB3077 SD2 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 SD2.

Honua Ola

BIOENERGY LLC

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.

Conference Room 308, State Capitol

RE: Senate Bill 3077 SD2

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

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

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

To: Chair Representative Sylvia Luke
Vice Chair Representative Ty J. K. Cullen
Members of the House Committee on Finance

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.

Aloha,
Toni and Carlton Bello
Pepeekeo Residents

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

To: Chair Representative Sylvia Luke
Vice Chair Representative Ty J. K. Cullen
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Thank you for the opportunity to provide testimony.

Aloha,
Lorraine and Teodorico Mendoza Jr.
Pepeekeo Residents

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
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RE: Senate Bill 3077 SD2

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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
Veronica Kitayama

Kevin and Celeste Nathaniel
Gilbert and Cheryl Kualii
Stanley and Phyllis Caceres
Charlyn and Ruth Yamamoto

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To: Chair Representative Sylvia Luke
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Members of the House Committee on Finance

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,
Mike Bilonta

Testimony to the House Committee on Finance

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Thank you for the opportunity to provide testimony.

Aloha,
Lucille Chung

Testimony to the House Committee on Finance

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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,
Jason Cuba

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Aloha,
Chad Grace

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Thank you for the opportunity to provide testimony.

Aloha,
Marissa Mendoza

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

To: Chair Representative Sylvia Luke
Vice Chair Representative Ty J. K. Cullen
Members of the House Committee on Finance

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Thank you for the opportunity to provide testimony.

Aloha,
Frances Gravela

Testimony to the House Committee on Finance

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Aloha,
Abel Salazar

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Aloha,
Suterra Soares

Testimony to the House Committee on Finance

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Aloha,

JaydiLyn Veriato-Souza

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Aloha,

Edwin and Marilyn Tolentino

Testimony to the House Committee on Finance

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Aloha,

Preston and Kathleen Mendoza

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Aloha,
Stanley and Tanya Sato

Testimony to the House Committee on Finance

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Aloha,

Helen and Jesus Realin

Testimony to the House Committee on Finance

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Aloha,
Dennis and Kelly Gibo

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Aloha,
Adele Cacho

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Aloha,
Ricky Johnson

Testimony to the House Committee on Finance

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Aloha,

Carrie and Santos Masulit

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

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

I am in support of the intent and purpose of SB 3077 SD2.

It is important to continue supporting the increase of alternative fuels use in Hawaii, and to encourage the private sector to increase their contribution towards this goal. Providing a tax credit is a good way of assisting the private sector in terms of financial feasibility, without increasing capital outlay on the part of the State.

In order to make privatization and private-public progress in this same area, it is clear that greater coordination and facilitation is desirable. It is unclear why such facilitation is currently lacking in DBEDT. State Energy Office, to the extent that it is. Nevertheless, this oversight needs to be addressed and the addition of a facilitator position should do so.

Albert Nakaji
Papaikou, Hawaii

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

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

Aloha.

I am submitting testimony in support of SB 3077 SD2.

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Biomass is a renewable, clean, sustainable energy crop that will feedstock the Honua Ola Bioenergy biomass firm power facility in Pepekeo. Biomass resources are plentiful on the Big Island thereby directly creating job opportunities in agriculture, energy, farming, and manufacturing, in addition to managing and maintaining its power facility.

We must encourage investment in renewable fuel production in Hawaii. Increasing the renewable fuel tax credit will help do that. Biofuel technology is needed for the Honua Ola biomass power facility to produce firm power.

Mahalo for the opportunity to provide testimony.

Lowen Moses
Pepeekeo, Hawaii

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

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

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Mahalo for the opportunity to provide testimony.

Lowen Moses
Pepeekeo, Hawaii

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.

Conference Room 308, State Capitol RE: Senate Bill 3077 SD2

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

I would like to provide the following comments in support of SB 3077 SD2.

The 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. In addition, a biomass generation plant 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. A biomass energy generation facility will also create positive economic impacts for our state.

I was born and raised on the sugar plantation of Hakalau, and my Dad worked in the sugar mill in Pepeekeo.

Currently, Honua Ola, a biomass energy plant, is being built from the remaining structure of the sugar mill. I really believe in this project because it will help to build a forestry industry as well as create jobs to help the island economy. A forest industry will help with keeping our air clean and could co-exist with the cattle industry which would also help to reduce greenhouse gas emissions from animals. Biomass energy generation will also help to turn waste into value by utilizing the albizia trees and waste from the eucalyptus trees.

Biomass energy will be good for Hawaii island, so please support SB 3077 SD2.

Thank you for the opportunity to testify.

Derek Kurisu
Hilo, Hawaii
(808) 989-5555

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

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

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

To reduce our dependence on imported oil, our community must make the most of all available local resources, including biofuels. Biofuel production can also create new industries in forestry, manufacturing, farming, energy, etc., and create associated new construction and permanent jobs in Hawaii.

We need to encourage agricultural energy industry in Hawaii, create jobs and keep more of Hawaii's energy dollars at home in addition to reducing our use of imported oil.

I am pleased the Legislature has committed to supporting the efforts to develop renewable fuels. Increasing the renewable fuel tax credit and making the tax credit permanent will encourage investment in renewable fuel production in Hawaii and contribute towards significantly advancing the state's clean energy goal of achieving 100% clean energy by 2045.

Thank you for the opportunity to testify.

Raymond Grillot
Hawaiian Paradise Park
Hawaii

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

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

Aloha! I support SB 3077 SD2.

We must reduce our dependence on imported oil and utilize all available local resources, and strive to become energy independent.

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

I am 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.

Rilan Ferreira
Hilo, Hawaii

Testimony to the House Committee on Finance

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RE: Senate Bill 3077 SD2

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

I support SB 3077 SD2.

I am pleased the Legislature has committed to supporting the efforts to develop renewable fuels, including biomass.

During Hawaii's sugar days, biomass powered the islands' sugar plantations. After sugar was extracted, bagasse which was the leftover leaves and crushed stalk was used to make steam to turn a turbine and produce electricity. The excess power was sold to the local utility. As sugar mills shut down, biomass power declined as did the economy affecting many families in the communities. However, today's demand for firm, low-cost, renewable power means facilities like the up-and-coming Honua Ola biomass facility in Pepeekeo, is emerging as a key part of Hawaii's long-term energy source. Biofuel technology is needed for the Honua Ola biomass power facility to produce firm power.

The Honua Ola biomass facility will increase employment opportunities for the people of Hawaii island in construction, plant management and maintenance, as well as revitalize the forestry industry, including harvesting, hauling, processing, and replanting of trees. Honua Ola anticipates about 200 construction workers will be needed to complete plant reconstruction, and about 30 permanent operations and maintenance jobs once the facility becomes operational. I am pleased with Honua Ola's efforts to preserve and sustain our aina for future generations.

Biofuel has very little state or federal incentives. 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.

Wesly DeMotta
Pepeekeo, Hawaii

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

To: Chair Representative Sylvia Luke
Vice Chair Representative Ty J. K. Cullen
Members of the Committee on Finance

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)

Thomas Collet
Thomas Collet Consulting LLC
Eugene, OR

Testimony to the House Committee on Finance

Wednesday, April 4, 2018 2:30 p.m.
Conference Room 308, State Capitol
RE: Senate Bill 3077 SD2

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

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

LATE

SB-3077-SD-2

Submitted on: 4/3/2018 2:34:22 PM

Testimony for FIN on 4/4/2018 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

LATE

SB-3077-SD-2

Submitted on: 4/3/2018 2:34:22 PM

Testimony for FIN on 4/4/2018 2:30:00 PM

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Melodie Aduja	Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments: