

HB 1087, HD1



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of H.B. 1087, HD1
Relating to Environmental Protection

SENATOR MIKE GABBAR, CHAIR
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

Hearing Date: **March 17, 2015**
2:45 P.M..

Room Number: 225

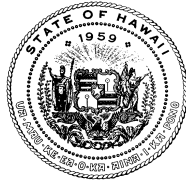
1 **Fiscal Implications:** May reduce the amount of barrel tax money that is diverted into the
2 general fund by an amount that is dependent on the allocation increase for the Environmental
3 Response Revolving Fund (ERRF).

4 **Department Testimony:** The Department of Health **SUPPORTS** H.B. 1087, which proposes to
5 reallocate the amount of the Environmental Response, Energy, and Food Security Tax (“Barrel
6 Tax”) deposited into the ERRF. The Department requests an allocation increase from five to
7 fifteen cents per barrel. The ERRF’s current five-cent-per-barrel allocation is insufficient to
8 sustain the 41 positions (31 filled positions) that depend on it for funding. These include
9 positions that respond to oil spills and hazardous material releases, as well as positions that work
10 on environmental issues, like State water quality monitoring, contaminated site remediation, and
11 management of solid and hazardous waste.

12 In order to attempt to remedy the ERRF’s financial issues, the Department has also requested a
13 one-time Emergency Appropriation in the Governor’s Package (S.B. 1118), which would help it
14 to meet its obligations and cover payroll through the end of FY 2015. The Department has also
15 recently received a \$900,000 loan from the State Treasury.

16 This measure also proposes to convene a task force to assess the conditions of all field-
17 constructed underground fuel storage tanks in Hawaii that are older than seventy years. The
18 Department supports convening a task force to examine whether these older tanks pose a risk to
19 the environment or public health. Since the fuel release from tanks at the Red Hill Underground
20 Storage Facility in 2014, the Department and the U.S. Environmental Protection Agency have
21 worked with the Navy to determine the extent of the release and to employ the best available
22 practicable technologies to prevent future releases. The ERRF has provided much-needed
23 financial support for the Department’s employees as they do this work.

24 Thank you for the opportunity to testify on this measure.



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**Testimony in SUPPORT of HB 1087
RELATING TO THE ENVIRONMENTAL PROTECTION**

SENATOR MIKE GABBARD, CHAIR
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

Hearing Date: March 17, 2015 – 2:45 p.m.

Room Number: 225

1 **Office Testimony:** The Office of Environmental Quality Control (OEQC) supports HB 1087,
2 which changes the amount of the tax deposited into the Environmental Response Revolving
3 Fund (ERRF) from five cents per barrel to an unspecified amount to support environmental
4 activities and programs, and establishes a task force regarding field-constructed underground
5 storage tanks in Hawai‘i.

6 The unspecified amount for the ERRF should be at least fifteen cents per barrel to keep
7 critical existing programs afloat. Amounts going to the general fund should also be reallocated
8 to promote food and energy security. The threat to the State’s aquifers by underground storage
9 tanks requires diligent measures to protect our fragile drinking water supply. The allocation of
10 funds to safeguard our underground water resources and to establish a task force to address the
11 risks from old underground storage tanks is critical.

12 OEQC respectfully urges your committee to approve this bill.

13 **Fiscal Implications:** OEQC takes no position on the funding request, deferring to the
14 Governor’s Executive Budget Request for fiscal priorities.

15 Thank you for the opportunity to testify.

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
630 SOUTH BERETANIA STREET
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March 17, 2015

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Deputy Manager and Chief Engineer 

The Honorable Mike Gabbard, Chair
and Members
Committee on Energy and Environment
The Senate
Hawaii State Capitol, Room 225
Honolulu, Hawaii 96813

Dear Chair Gabbard and Members:

Subject: House Bill 1087 HD1: Relating to Environmental Protection


We support the intent of House Bill 1087, HD 1, to provide additional resources to the Environmental Response Revolving Fund. The change will provide the state with greater resources to insure our environment and groundwater aquifers are protected from the impacts of leaking underground fuel storage tanks.

We also support the bill establishing a task force to assess the condition of all field-constructed tanks (FCTs) in Hawaii that are older than seventy years and ensure these tanks do not present an unacceptable risk to our environment and groundwater aquifers. We recommend the task force's existence continue at least until June 30, 2020, instead of ending on June 30, 2016, as proposed in the bill. One year is insufficient time for the task force to properly analyze and discuss all of the many complex and technical issues.

The Board of Water Supply is very concerned about the impacts of leaking FCTs on Oahu's irreplaceable groundwater aquifer. Studies on the largest FCT in Hawaii, the Red Hill Fuel Storage Facility, indicate past fuel releases have already contaminated the groundwater and soil underneath the Facility with petroleum hydrocarbons. Providing the state with greater resources to regulate and manage large facilities like Red Hill and establishing a task force to study and quantify the impacts will help us to ensure our environment and our most precious resource – the groundwater aquifer – is protected now and into the future.

Thank you for the opportunity to testify.

Very truly yours,


ERNEST Y.W. LAU, P.E.
Manager and Chief Engineer

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Increase tax to environmental response revolving fund

BILL NUMBER: HB 1087, HD-1

INTRODUCED BY: House Committee on Energy & Environmental Protection

EXECUTIVE SUMMARY: Initially, the 5 cents per barrel environmental response tax was established to address oil spills in state waters. It was temporarily increased to \$1.05, much of which was earmarked to numerous special funds, and was scheduled to sunset on 6/30/30. The tax has taken on a life of its own and lacks transparency, and the special funds it feeds do not come under close scrutiny by either lawmakers or the public. The barrel tax should be repealed and all programs funded out of the environmental response tax should be funded through the general fund.

BRIEF SUMMARY: Amends HRS section 243-3.5 to increase the amount deposited into the environmental response revolving fund from 5 cents to ___ cents.

Requires the director of health to convene and serve as chairperson of a task force to: (1) establish a reasonable time frame within which to assess the condition of all field-constructed underground storage tanks in Hawaii that are older than seventy years; and (2) take appropriate steps to ensure that the underground storage tanks do not present an unacceptable risk to the environment and freshwater supplies of Hawaii. Delineates the relevant stakeholders who shall serve as members of the task force. Directs the director of the department of health to submit a report of the task force's findings and recommendations to the 2016 legislature. The task force shall cease to exist on 6/30/16.

EFFECTIVE DATE: July 1, 2015

STAFF COMMENTS: The legislature by Act 300, SLH 1993, enacted an environmental response tax of 5 cents per barrel on petroleum products sold by a distributor to any retail dealer or end user. The collections of the tax were deposited into the environmental response revolving fund until such time the balance in the fund reached \$7 million at which time the imposition of tax was suspended until the balance in the fund declined to less than \$3 million, at which time the imposition would be reinstated.

The legislature by Act 73, SLH 2010, increased the amount of the tax to \$1.05 per barrel and provided that 5 cents of the tax shall be deposited into a newly established environmental response revolving fund; 15 cents shall be deposited into a newly established energy security special fund, 10 cents shall be deposited into a newly established energy systems development special fund; 15 cents shall be deposited into the newly established agricultural development and food security special fund; and the residual of 60 cents shall be deposited into the general fund between 7/1/10 and 6/30/15. Act 107, SLH 2014, extended the sunset date of the \$1.05 environmental response, energy, and food security tax from 6/30/15 to 6/30/30. This measure would increase the amount deposited into the environmental response revolving fund from 5 cents to ___ cents.

The environmental response tax was initially adopted for the purpose of setting up a reserve should an oil spill occur on the ocean waters that would affect Hawaii's shoreline. The nexus was between the oil importers and the possibility that a spill might occur as the oil product was being imported into the state. Now that the fund has become a cash cow, lawmakers have placed other responsibilities on the fund, including environmental protection, food security, and natural resource protection programs, energy conservation and alternative energy development, air quality, global warming, clean water, polluted runoff, solid and hazardous waste, drinking water, and underground storage tanks, including support for the underground storage tank program of the department of health.

The basic problem with the barrel tax is that it lacks transparency, and because the funds are earmarked they do not come under close scrutiny by either lawmakers or the public. Rather than perpetuating the problems of the barrel tax, it should be repealed and all programs that are funded out of the environmental response fund should be funded through the general fund. At least program managers would then have to justify their need for these funds. If general funds are insufficient to underwrite all the essential programs and programs such as those funded through the barrel tax, then lawmakers need to justify any increase in taxes which underwrite the general fund or lawmakers will be forced to set priorities for those precious general funds. Currently, lawmakers are able to side step that difficult task by creating these hidden taxes and earmarked funds like the barrel tax. By continuing to special fund these programs, it makes a statement that such programs are not a high priority for state government. This sort of proliferation of public programs needs to be checked as it appears to be growing out of hand and at the expense of the taxpayer.

Digested 3/2/15



**Testimony of Hawai'i Green Growth in Support of HB1087 HD1
Relating to the Environmental Protection
House Committee on Energy and Environment
17 March 2015, 2:45pm, Room 225**

Audrey Newman
Hawai'i Green Growth
P.O. Box 535 Ho'olehua, Hawai'i 96729

Hawai'i Green Growth is a voluntary partnership of more than 60 state, county, federal, business, and non-governmental leaders from energy, food production, natural resources, waste reduction, planning, green jobs, and other sectors who have come together to support a shared statewide commitment and tangible actions toward sustainability and a model green economy.

Aloha Chair Gabbard, Vice Chair Green, and Members of the Committee:

Hawai'i Green Growth (HGG) supports HB1087 HD1 which raises the amount of the tax deposited into the Environmental Response Revolving Fund from \$.05 per barrel to \$.15 per barrel to support environmental activities and programs. This will support critical environmental preparedness and response and solid waste reduction by the Hawai'i Department of Health (DOH). HGG also supports increases in the Environmental Response, Energy and Food Security Tax allocations for clean energy transformation (\$0.40), food security programs (\$0.40), and Hawai'i Natural Energy Institute (\$0.10).

The Environmental Response, Energy and Food Security Tax is critical to maintain basic and existing functions of the Department of Health's emergency environmental response programs. It also provides important, ongoing support for the development and implementation of actions that will achieve the Hawai'i Clean Energy Initiative's goal to reduce the State's dependence on imported fossil fuels by 70% in 2030, and the Department of Agriculture programs aimed to at least double local food production by 2030.

This strategic funding help the State advance action on the *Aloha+ Challenge: A Culture of Sustainability – He Nohona 'Ae'oiā*, a joint leadership commitment to achieve six sustainability targets by 2030 in the areas of clean energy, local food production, natural resource management, solid waste reduction, smart growth and climate resilience, green jobs and education. The *Aloha+ Challenge* was unanimously endorsed by the 2014 Legislature (SCR 69) and signed by Hawai'i's Governor, Mayors and Office of Hawaiian Affairs. It was also internationally recognized as a model of integrated sustainability at the UN Conference on Small Island Developing States in Samoa.

We ask you to support of **HB1087 HD1** to provide strategic, long-term funding to ensure Hawai'i is ready to respond to environmental emergencies.

Mahalo,

A handwritten signature in black ink that reads "Audrey Newman". The signature is written in a cursive, flowing style.

Audrey Newman

Senior Advisor, Hawai'i Green Growth (HGG)

Bringing leaders together to achieve sustainability in Hawai'i & be a model for a green economy

<http://www.hawaiigreengrowth.org>

Testimony of The Nature Conservancy of Hawai'i
Supporting H.B. 1087 HD1 Relating to Environmental Protection
Senate Committee on Energy and Environment
Tuesday, March 17, 2015, 2:45PM, Room 225

For more than 35 years, The Nature Conservancy of Hawai'i has been working closely with government agencies, local businesses, private landowners, non-profit partners, and interested communities across the state to preserve the lands and waters upon which all life in these islands depends. The Conservancy is a private non-profit conservation organization that has helped to protect nearly 200,000 acres of natural lands in Hawai'i. Today, we actively manage more than 35,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i, and support 19 coastal communities seeking to co-manage marine resources in partnership with the State of Hawai'i.

The Nature Conservancy supports H.B. 1087 HD1 to provide additional barrel tax revenue to the Environmental Response Revolving Fund. We also urge the Legislature to redistribute the general fund share of the barrel tax revenue to the Energy Security Special Fund and the Agricultural Development and Food Security Special Fund. We believe this is effective policy for investing in the State's oil response capacity, as well as clean energy and local agriculture initiatives that reduce our dependence on imported fossil fuel and imported food.

Climate change caused by burning fossil fuels is an imminent and unprecedented threat to every person in Hawai'i. It is our responsibility to do what we can and what is necessary reduce our own carbon emissions, however small on a global scale, to contribute to the worldwide effort needed to mitigate the growing effects of climate change.

Even if we drastically reduce CO2 emissions now, however, we will still feel certain effects of climate change. In Hawai'i, science indicates that this will likely include:

- More frequent and more severe storms that can increase runoff and siltation;
- Overall, less rainfall and therefore less fresh water;
- Higher temperatures that affect watershed and agricultural health, while being beneficial to invasive species;
- Sea level rise and high waves that will harm coastal areas and groundwater systems;
- Ocean acidification that will inhibit the growth of protective coral reefs.

In response, we must plan and implement mitigative and adaptive measures to ensure the resilience of our natural and human systems. Protecting and enhancing the health and function of our forested watersheds as proposed by the Department of Land and Natural Resources is one critically important initiative. Likewise, investing in local energy and agriculture security are essential components of building self-reliance and resilience here in the middle of the Pacific Ocean.

Using the barrel tax revenue for its originally intended purposes is a wise investment in our future. We urge your support.

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HB1087

Submitted on: 3/15/2015

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Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Davlantes	Individual	Support	No

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HB1087

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Stuart Coleman	Individual	Support	No

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HB1087

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Amy Brinker	Individual	Support	No

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