

STAND. COM. REP. NO.

3122

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2168
H.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred H.B. No. 2168, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS,"

begs leave to report as follows:

The purpose of this measure is to authorize special purpose revenue bonds in a total amount not to exceed \$50,000,000, to H2 Technologies, Incorporated for the construction of a hydrogen generation appliance research, development, and manufacturing facility and laboratory and a gasoline- or diesel-to-hydrogen automobile conversion garage on the island of Hawaii.

Testimony in support of this measure was submitted by the Kona-Kohala Chamber of Commerce; High Technology Development Corporation, Hawaii Gateway Energy Center at the Natural Energy Laboratory of Hawaii Authority; Hawaii Island Economic Development Board; Hawaii Pacific Productions; Natural Energy Laboratory of Hawaii Authority; Natural Investments LLC; Aurora Research, LLC; Kona Brewing Company; Lotus Cafe; Sacred Fire Candle Company; and seven private citizens. Comments were submitted by the State Attorney General; and H2 Technologies, Inc.

Your Committee finds that use of hydrogen as a transportation fuel and for use with fuel cell technology for electrical generation will:



- (1) Reduce Hawaii's dependence on imported fossil fuels, including gasoline and diesel, for electrical generation and transportation, thereby increasing Hawaii's energy security;
- (2) Help to meet Hawaii's renewable energy goals by encouraging home or office energy production with on-island-produced renewable hydrogen energy;
- (3) Reduce greenhouse gas emissions via a renewable closed-loop carbon system; and
- (4) Provide significant reductions of hydrocarbon, sulfur, toxic compounds, and particulate matter emissions as compared to burning petroleum-based fossil fuels.

Your Committee further finds that benefits from the H2 Technologies Incorporated project will include:

- (1) Encouraging local high-technology clean hydrogen energy research, development, and manufacturing to help move Hawaii's economy toward energy self-sufficiency;
- (2) Providing transportation and generation fuel at competitive prices as compared to importation alternatives;
- (3) Reducing the cost of doing business in Hawaii by lowering the cost of energy and transportation;
- (4) Speeding up the goal of creating a "hydrogen highway" on the island of Hawaii and making full use of the Hydrogen Investment Capital Special Fund passed by the Legislature during the Regular Session of 2006; and
- (5) Assisting the State, County of Hawaii, and the federal government to meet their goals and mandates for energy efficiency and renewable energy use.

Therefore, by supporting energy self-sufficiency, this measure promotes broad public benefits, including increased energy security, resistance to increases in oil prices, environmental sustainability, economic development, and job creation.



As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2168, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



RON MENOR, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* HB 2168 HD1	Committee Referral: ENE, WAM	Date: 2/18/08
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The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
MENOR, Ron (C)	✓			
HOOSER, Gary L. (VC)	✓			
IHARA, Jr., Les	✓			
KOKUBUN, Russell S.	✓			
TRIMBLE, Gordon		✓		
TOTAL	4	1		

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes