

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 3215

S.D. 3

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 3215, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO BIODIESEL,"

begs leave to report as follows:

The purpose of this measure is to stimulate the production of biodiesel in the State by providing various financial incentives.

Specifically, this measure:

- (1) Authorizes the Department of Land and Natural Resources to lease public agricultural lands for growing crops to be used in the production of biodiesel fuel;
- (2) Provides a procurement preference in chapter 103D, Hawaii Revised Statutes, for state vehicles with diesel engines to use biodiesel blended fuels produced in the State from feedstock grown in the State;
- (3) Establishes a state energy feedstock program to support and promote a market for biodiesel feedstock crops grown in the State; and
- (4) Creates a tax exemption for oil seed crushing facilities.

Testimony in support of this measure was submitted by Pacific Biodiesel, Imperium Renewables Hawaii, LLC, Sierra Club, and



Hawaiian Electric Company. Testimony in opposition to this measure was submitted by the Board of Land and Natural Resources. Comments on this measure were submitted by the Department of Agriculture, the Department of Taxation, and the Tax Bill Service.

Your Committee finds that financial incentives and tax incentives to develop and produce biodiesel in the State create opportunities for the development of a biodiesel industry in the State. The increased development and availability of biodiesel resources in the State would reduce the State's dependence on imported fossil fuels.

Upon further consideration, your Committee has amended this measure by:

- (1) Deleting the grant of rulemaking authority to the Department of Land and Natural Resources as it relates to crops used in the production of biodiesel fuel because the department already possesses general rulemaking authority pursuant to section 171-6(4), Hawaii Revised Statutes;
- (2) Making a clarifying amendment to section 6 by deleting an erroneous reference to an exemption from real property taxes for biodiesel feedstock croplands;
- (3) Replacing, after consultation with the previous committee, the unspecified amount of excluded gain in section 235-7(a)(13), Hawaii Revised Statutes, with "one hundred" per cent, to correct an inadvertent drafting error;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on this measure; and
- (5) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3215, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3215, S.D. 3.




Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair

The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB3215, SD2</b>	Committee Referral: <b>ENE/AHW, EDT, WAM</b>	Date: <b>2/21/08</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUYE, Lorraine R.	/			
KIM, Donna Mercado	/			
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred			/	
WHALEN, Paul	/			
<b>TOTAL</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes