

STAND. COM. REP. NO.

1079

Honolulu, Hawaii

MAR 27 2009

RE: H.B. No. 1271
H.D. 3
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committees on Water, Land, Agriculture, and Hawaiian Affairs and Energy and Environment and Economic Development and Technology, to which was referred H.B. No. 1271, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Establish a task force to review and investigate a broad range of energy and food security issues and develop an integrated energy and food policy;
- (2) Rename the Environmental Response Tax as the "Environmental Response, Energy, and Food Security Tax";
- (3) Revise the Environmental Response, Energy, and Food Security Tax from five cents to an unspecified amount per barrel or fractional part of a barrel of petroleum product, and specify other funds into which portions of this tax will be deposited;
- (4) Establish a new Food Security Special Fund under the Department of Agriculture to serve as a depository of a portion of the Environmental Response, Energy, and Food Security Tax; and



- (5) Repeal for thirty-six months the mandate that all gasoline sold in the State for use in motor vehicles contain ten per cent of ethanol by volume.

Testimony in support of the measure was submitted by ten private organizations and twenty-eight individuals. Testimony in support of the measure, with suggested amendments or comments, was submitted by four private organizations. Testimony in support of the intent of the measure, with comments, was submitted by one private organization. Testimony in opposition to the measure was submitted by four state departments and one private organization. Comments were submitted by three private organizations. Written testimony presented to your Committees may be reviewed on the Legislature's website.

Your Committees find that the intent of this measure is to create a stable funding source to provide for long-term energy and food security in the State. With this funding and the establishment of the Hawaii Economic Development Task Force, Hawaii will have the capacity, scope, and funding to complete renewable energy projects, repair local food production infrastructure, and move projects forward that can accelerate Hawaii's transition to greater good and energy security. Your Committees find, however, that suspending the ethanol requirement for gasoline would counter the energy security goal of this measure and would negatively impact five proposed ethanol production projects that are currently in process.

Additionally, your Committees find that Act 209, Session Laws of Hawaii 2007, exempts from the general excise tax the gross proceeds arising from the sale of alcohol fuels for consumption or use by the purchaser and not for resale. Act 209 also provided that this exemption will be repealed on June 30, 2009. Your Committees feel that consumers should not be faced with increased gasoline prices from the proposed barrel fee increase and the increase in general excise tax on gasoline that will occur if the sunset clause on the exemption is not repealed.

Your Committees have left unspecified the amount of the barrel fee and the sums allocated between the various funds from the barrel fee, believing that the discussion regarding these specific matters should be continued by the Committee on Ways and Means, where fiscal matters are more appropriately addressed. Further, your Committees also recommend that the Committee on Ways and Means include in the measure that a portion of the barrel fee



be used to plan for and help natural systems and communities cope with and mitigate the results of climate change caused by carbon dioxide (CO2) emissions from burning fossil fuels, as suggested by The Nature Conservancy.

Accordingly, your Committees have amended this measure by:

- (1) Deleting the suspension of the ethanol requirement for gasoline;
- (2) Deleting the language comparing the costs of ethanol and oil;
- (3) Repealing the sunset clause for the general excise tax exemption on the sale of alcohol fuels in Act 209, Session Laws of Hawaii 2007; and
- (4) Making nonsubstantive, technical changes for style and consistency.

As affirmed by the records of votes of the members of your Committees on Water, Land, Agriculture, and Hawaiian Affairs and Energy and Environment and Economic Development and Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1271, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1271, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Water, Land, Agriculture, and Hawaiian Affairs and Energy and Environment and Economic Development and Technology,



MIKE GABBARD, Chair



CLAYTON HEE, Chair



CAROL FUKUNAGA, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

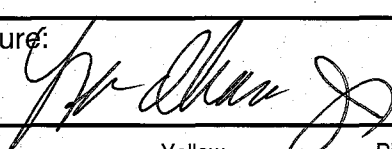
Record of Votes
Committee on Water, Land, Agriculture and Hawaiian Affairs
WTL

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1271 HD3	WTL/ENE/EDT, WAM	2/24/09		
<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
HEE, Clayton (C)	✓			
TOKUDA, Jill N. (VC)	✓			
BUNDA, Robert				✓
FUKUNAGA, Carol	✓			
KOKUBUN, Russell S.	✓			
TAKAMINE, Dwight Y.	✓			
HEMMINGS, Fred			✓	
TOTAL	5	0	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"> </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Twenty-Fifth Legislature
State of Hawaii

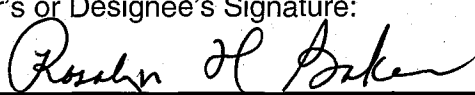
Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* HB 1271 HD3	Committee Referral: WAM WTL/ENE/EDT	Date: 3-24-09		
<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
GABBARD, Mike (C)	✓			
ENGLISH, J. Kalani (VC)				✓
GREEN, M.D., Josh	✓			
HOOSER, Gary L.	✓			
IHARA, Jr., Les	✓			
KOKUBUN, Russell S.	✓			
HEMMINGS, Fred			✓	
TOTAL	5	0	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1271, HD3	WTL/ENE/EDT, WAM	3-24-09		
<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
FUKUNAGA, Carol (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
HEE, Clayton	✓			
IGE, David Y.				✓
SLOM, Sam				✓
TOTAL	3	-	-	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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