

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1271
H.D. 3
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1271, H.D. 3, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

begs leave to report as follows:

The purpose of this measure is to establish the Hawaii economic development task force to address the long-term energy and food security concerns of the State.

This measure also:

- (1) Establishes the food security special fund to support increased agriculture production in the State to reduce Hawaii's dependence on imported food sources;
- (2) Removes the cap amount on the environmental response revolving fund that triggers the discontinuation of collection of the environmental response tax;
- (3) Deletes the authorization for funds from the environmental response revolving fund to be deposited into the energy security special fund;
- (4) Renames the "environmental response tax" the "environmental response, energy, and food security tax";



- (5) Changes the per barrel amount of the environmental response, energy, and food security tax to an unspecified amount, and provides for unspecified amounts to be distributed to the environmental response revolving fund, energy security special fund, energy systems development special fund, food security special fund, and the general fund;
- (6) Establishes the Hawaii economic development task force to facilitate accelerated adoption and completion of renewable energy projects, energy efficiency programs, agricultural infrastructure and development, and related issues;
- (7) Appropriates an unspecified amount to support the work of the Hawaii economic development task force; and
- (8) Preserves the general excise tax exemption for the sale of alcohol fuels by repealing the sunset provision for section 2 of Act 209, Session Laws of Hawaii 2007.

Your Committee received twenty-six written comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee finds that reducing the State's dependence on imported energy resources is crucial to the economic security of the State. An adjustment to the per barrel amount of the environmental response tax can serve not only to reach this objective, but also to provide a dedicated and reliable source of funding for energy and food security projects. Additionally, your Committee finds that the tax could also provide much-needed deposits to the general fund to help alleviate budgetary shortfalls. Finally, your Committee finds that Hawaii's consumers will continue to benefit during these difficult economic times by continuing the exemption from the general excise tax for sales of alcohol fuels.

Despite the merits of this measure, your Committee finds that it may be inappropriate to create a food security special fund that will be funded by a per barrel tax on petroleum imports. Your Committee has concerns with respect to the tenuous nexus between the benefits sought by the fund (food security) and the charges to the users or beneficiaries of the fund.

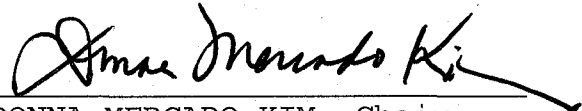


Therefore, your Committee has amended this measure by:

- (1) Deleting the establishment of the food security special fund and allocations from the per barrel amount of the environmental response, energy, and food security tax to the special fund; and
- (2) Changing the amount of the appropriation for the Hawaii economic development task force to \$1 to facilitate further discussion on this measure.

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 H.B. No. 1271, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1271, H.D. 3, S.D. 2.

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



DONNA MERCADO KIM, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
HB 1271, HD3, SD1	WTL/ENE/EDT, WAM	APRIL 2, 2009

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
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.				/
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
TOTAL	10			2

Recommendation: Adopted 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

*Only one measure per Record of Votes