

TESTIMONY
HB 2421, HD2
LATE

LATE TESTIMONY

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

STANLEY SHIRAKI
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

Kurt Kawafuchi
Oppose w/ amendment

SENATE COMMITTEES ON WATER, LAND, AGRICULTURE & HAWAIIAN
AFFAIRS, ENERGY & ENVIRONMENT, AND ECONOMIC DEVELOPMENT &
TECHNOLOGY
TESTIMONY REGARDING HB 2421 HD 2
RELATING TO GOVERNMENT

WRITTEN TESTIMONY ONLY

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: MARCH 15, 2010
TIME: 3PM
ROOM: 229

This measure, among other things, modifies the current environmental response tax to be the "environmental response, energy and food security tax" and assigns it a rate of \$1.05. The proceeds of the tax are to be deposited in a number of special funds related to environmental response, energy security, energy systems development, and food security.

This measure also exempts the fuel tax for sales of commercial aviation fuel.

The Department of Taxation (Department) **opposes the tax provision in this legislation as a substantial tax increase.**

THIS BILL REPRESENTS A DRAMATIC TAX INCREASE—This legislation represents a large tax increase that will impact all Hawaii residents, including drivers and utility ratepayers. The Department is also strongly concerned with the timing of this legislation, because the state and nation are in a recession where taxpayers are worried about their finances. This tax is highly regressive and will impact the poor the most.

RECONSIDER THE AMENDMENTS FOR AVIATION FUEL—The Department also opposes exempting airlines from the fuel tax altogether as drafted in this measure. The Department points out that the effect of the current drafting exempts sales of all aviation fuel from the fuel tax entirely. *See Section 5.*

If the Legislature is concerned about increasing a tax on aviation fuel without running afoul of preemption, simply deposit the increase in aviation fuel taxes to the airports special fund. 49 US

Code § 47133 restricts the local taxation on aviation fuel taxes. However, if the tax is assessed high enough up the chain (*i.e.*, taxes on a barrel of petroleum oil vs. refined aviation fuel), then the increase in tax would likely not run afoul of this preemption provision. The Department defers to the Attorney General on this last matter.

REVENUE IMPACTS—As amended, this measure provides the following revenue impacts:

General Fund: If made effective before June 1, 2011, it will increase the general fund by \$10 million in FY2011.

Special Funds: If made effective by June 30, 2011, it will provide the following:

- Loss to the State Airport Fund by \$3.7 million annually;
- \$12.1 million gain to the Energy Security Special Fund (except for the \$10 million transferred to the General fund in FY2011);
- \$2.2 million gain to the Energy Systems Development Special Fund; and
- \$7.7 million gain the Agricultural Development and Food Security Special Fund.

LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS
COMMITTEE ON ENERGY AND ENVIRONMENT
COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

H.B. 2421, HD2, Relating to Government

**Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health**

**March 15, 2010
3:00 P.M.**

- 1 **Department's Position:** The Department of Health respectfully opposes this bill.
- 2 **Fiscal Implications:** Substantial. The measure has clarified that aviation fuel is exempt from the
- 3 Environmental Response Revolving Fund (ERRF) and accordingly the Environmental Response (ER)
- 4 tax was not collected since September of last year. The current \$0.05 tax generated \$792,848 in the first
- 5 half of FY10 and \$1,441,439 in FY09. The amount collected in FY06 was \$1,807,921 which represents
- 6 a difference of \$366,482 more than the FY09 sum. We are still trying to determine exactly how many funds were
- 7 collected from aviation fuel in FY09.
- 8 **Purpose and Justification:** This measure proposes to raise the existing ER tax in HRS 243-3.5 of 5
- 9 cents per barrel or fractional part of a barrel of petroleum product to \$1.05, sold by a distributor, and to
- 10 allocate the new tax among the following special funds at the following rates; 5 cents to the ERRF, 55
- 11 cents to the Energy Security Special Fund, 10 cents to the Energy Systems Development Special Fund
- 12 and, 35 cents to a new Agricultural Development and Food Security Special Fund.

1 The ERRF revenues have declined steadily since FY06 due to various factors. The global
2 recession has depressed fuel consumption resulting in fewer taxes collected, and these were legislatively
3 authorized transfers from the ERRF for purposes such as support for a DBEDT energy facilitator
4 position and other energy-related positions.

5 The ERRF is very important for Hawaii's environment, human health and safety and it should be
6 protected and preserved. The Department uses the ERRF to respond to and cleanup oil spills and
7 hazardous materials releases to the environment when the polluter does not. The fund also supports 40
8 positions in the DOH. See our annual report [http://gen.doh.hawaii.gov/sites/LegRpt/2010Rpt/128D](http://gen.doh.hawaii.gov/sites/LegRpt/2010Rpt/128D%20and%20128E%20Report.pdf)
9 [%20and%20128E%20Report.pdf](http://gen.doh.hawaii.gov/sites/LegRpt/2010Rpt/128D%20and%20128E%20Report.pdf). Should the bill lead to reduced income allocated to the ERRF, the
10 Department may not be able to carry out its statutory duties. We are apprehensive about any measure
11 that may lead to reducing the existing 5 cents per barrel tax rate allocated to the ERRF or the net income
12 to the fund, and we ask the Legislature to avoid those outcomes.

13 The DOH is concerned about the net effect of the bill even given that aviation fuel is exempted
14 from the ER tax. The oil companies will probably pass a higher tax along to Hawaii consumers, already
15 paying the highest gas prices in the nation, and the additional fuel taxes may depress consumption and
16 may actually reduce ERRF net revenues.

17 We are working with the Department of Taxation to determine tax per barrel needed to maintain
18 ERRF revenue levels to compensate for the exemption of the aviation fuel tax putting aside the other
19 features of the bill. The Department is uneasy about the measure since it increases taxes and increases
20 the cost of living for Hawaii residents during a difficult economic time.

21 We recognize and support the goals and intent of the energy, agriculture, and food security
22 special funds. We ask that the ERRF be supported enough so that we may fulfill our duties.

23 We defer to the Departments of Business Economic Development and Tourism, Agriculture and
24 Tax on the rest of the bill.

1 Thank you for the opportunity to testify on this important measure.

LATE TESTIMONY

Oren Tsutsumi- Oppose

Aloha Chairs Hee, Fukunaga and Gabbard.

HB2421 proposes to tax imported petroleum oil but not to tax imported coal, imported ethanol and imported palm oil biodiesel grown by destroying rainforests.
This makes little sense. Please hold HB 2421.

Thankss
Oren Tsutsumi

LATE TESTIMONY

| |
|--------------------------|
| Damian Sempio Support |
|--------------------------|

**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,
AND HAWAIIAN AFFAIRS
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

March 15, 2010, 3:00 P.M.
Room 229

Testimony in strong support of HB 2421 HD2

Chairs Hee, Gabbard, and Fukunaga and members of the committees:

Aloha committee members. I from Green Coconut Living, a sustainable senior living organization striving to make the costs of long-term care affordable. In an effort to do so, I support the \$5 surcharge on each barrel of oil entering Hawai'i to be used to fund our clean energy future as well as decrease our dependence on foreign oil.

Funds should be directed toward our number one resource, which is the people of Hawai'i. This should encompass education programs focused on sustainability for our youth, subsidized local farming, and media campaigns to support localization. Funds should then be used to incentivize clean energy investment, smart grid infrastructure improvements, and leveraging federal stimulus dollars for energy projects. A barrel tax is smart tax-shifting policy that discourages fossil fuel use while providing a source of revenue for clean energy planning and implementation. The surcharge will be used to create green jobs locally and help foster local clean energy innovation.

Thank you for the opportunity to testify.

Damian Sempio
Green Coconut Living

damiansempio@yahoo.com

44-723 Kaneohe Bay Drive
Kaneohe, Hawaii 96744

LATE TESTIMONY

Oliver Kelso
Support

**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,
AND HAWAIIAN AFFAIRS
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

March 15, 2010, 3:00 P.M.
Room 229

Testimony in support of HB 2421 HD2

Chairs Hee, Gabbard, and Fukunaga and members of the committees:

As a person who grew up in Hawaii and has returned from college to be involved in a more sustainable Hawaii, I support a \$5 surcharge on each barrel of oil entering Hawai'i to be used to fund our clean energy future. These funds should be directed toward smart grid infrastructure as it is the biggest limitation to Hawaii's clean energy economy. Funds should then be used to incentivize clean energy investment, energy efficiency, and leveraging federal stimulus dollars for energy projects, not necessarily in that order. A barrel tax is smart tax-shifting policy that discourages fossil fuel use while providing a source of revenue for clean energy planning and implementation. The surcharge will be used to create green jobs locally and help foster local clean energy innovation.

Thank you for the opportunity to testify.

Oliver Kelso
Syzygy LLC

otkelso@gmail.com
(808) 225-0917

25 South Kalaheo Avenue
Kailua, Hawaii 96734

LATE TESTIMONY

Mike and Lisa Kelso
Support

**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,
AND HAWAIIAN AFFAIRS
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

March 15, 2010, 3:00 P.M.
Room 229

Testimony in support of HB 2421 HD2

Chairs Hee, Gabbard, and Fukunaga and members of the committees:

As longtime residents of Hawaii, we support a \$5 surcharge on each barrel of oil entering Hawai'i to be used to fund our clean energy future. These funds should be directed toward smart grid infrastructure as it is the biggest limitation to Hawaii's clean energy economy. Funds should then be used to incentivize clean energy investment, energy efficiency, and leveraging federal stimulus dollars for energy projects, not necessarily in that order.

A barrel tax is smart tax-shifting policy that discourages fossil fuel use while providing a source of revenue for clean energy planning and implementation. The surcharge will be used to create green jobs locally and help foster local clean energy innovation.

Thank you for the opportunity to testify.

**Mike and Lisa Kelso
Kelso Architects**

lisakelso@hawaii.rr.com
(808) 225-0917

25 South Kalaheo Avenue
Kailua, Hawaii 96734

| |
|-------------------------|
| Frank Rogers Support |
|-------------------------|

**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,
AND HAWAIIAN AFFAIRS
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

March 15, 2010, 3:00 P.M.
Room 229

Testimony in strong support of HB 2421 HD2

Chairs Hee, Gabbard, and Fukunaga and members of the committees:

Aloha to All.

I am in strong support of HB 2421.

I just opened up Hawaii's first public Electric Vehicle Charging Station a month ago after being inspired by President Obama's leadership in accelerating the future of Green Energy in the USA. I did this knowing that any payoff would be years off, and in no way a certainty.

I look forward to the day when we no longer are held hostage by countries that don't support our country's goals.

Hawaii is rich in natural clean energy of all sorts and the sooner we learn to harvest it the better. Taxing oil makes sense even though it may cause some temporary pain at the pump we will adjust. I say this as a business owner with 9 gas eating vehicles that I pay for every week.

I await the coming generation of EV's that will liberate us from the pump.

Mahalo for supporting HB 2421.

**Frank Rogers
Green Energy Outlet (GEO)
Leakmaster Roofing and Waterproofing Co.**

frogersl@mac.com
(808) 591-1900

575 Cooke Street
Honolulu, Hawaii 96813

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 15, 2010 8:38 AM
To: WTLTestimony
Cc: mark@hiev.us
Subject: Testimony for HB2421 on 3/15/2010 3:00:00 PM

Testimony for WTL/ENE/EDT 3/15/2010 3:00:00 PM HB2421

Conference room: 229
Testifier position: support
Testifier will be present: Yes
Submitted by: Mark Piscioneri
Organization: Individual
Address: 2211 Ala Wai Blvd PH5 Honolulu, HI
Phone: 808-282-6435
E-mail: mark@hiev.us
Submitted on: 3/15/2010

Comments:

My name is Mark Piscioneri. I am an independent representative for Hawaii Electric Vehicles. We are the first and only company in Hawaii to install electric car charging which is powered by renewable energy and available for use by the public. I strongly support the provisions of this bill.

In Hawaii we need to immediately begin to create the infrastructure which will allow us to transition from petroleum based to renewables based transportation. This bill will create the right mix of market signals, incentives and public support of energy transition.

In the near future we can have an ubiquitous, networked electric vehicle charging infrastructure which will allow all of our businesses, large and small to have the chance to own vehicle refueling stations. Whenever an electric vehicle (EV) driver goes to the supermarket, the mall, a restaurant, the movies, or a sporting event they will plug in and pay the building owner a small fee to charge up.

For instance, if an EV driver goes to the supermarket, they would plug into the safe, networked charging machine that is provided in the parking lot. (Senate Bill 1202, signed into law in 2009 mandates that all parking lots be equipped to do this by the end of 2011) While the EV driver is shopping the vehicle will be charging up with electricity generated by solar and wind power on the supermarket's property. The driver pays the supermarket a few dollars for driving equivalent of a tank of gas. The supermarket makes a profit on selling the electricity and the EV driver now has additional disposable income to spend at the store because they no longer buy gasoline. This will lead to increased purchases at the supermarket, more profits, more employment, and more sales tax revenue to the state. The money will circulate in the local economy instead of paying foreign countries for petroleum.

The federal government has already sent the signal that this model is desired by using the ARRA to substantially increase the federal tax credits for EV charging and tying it to renewables. A business which installs EV charging equipment can receive a tax credit worth about twice the value of the charging equipment itself and can apply the excess credit to the installation of supporting wind and solar power production. Hawaii Electric Vehicle has obtained IRS validation for this EV charging/renewable energy connection and has confirmed it through an independent tax attorney.

Any "barrel" tax revenue which is used to stimulate the installation of renewable energy can be accumulated with the EV tax credit structure described above to stimulate the pace of renewable installation in Hawaii. The sooner this renewable/EV charging infrastructure is built the sooner the public will feel secure in buying electric cars and beginning the transition away from petroleum-based transportation. I feel that it is critical that this infrastructure be built as a joint effort between local renewable companies and

local businesses so that it will be broadly owned across the community. Many businesses will be able to share in the subsidies and will then be able to derive new revenue streams as they become alternative energy refueling stations in the future.

The scenario that I describe will come to pass with or without the help of the state government. The question is - will the state government get involved and support accelerating the transition to a more vibrant private renewable energy sector and clean transportation for the citizens of Hawaii?

I urge you to pass HB 2421 as currently drafted and help us to get on with the future. Thank you for your consideration.

LATE TESTIMONY

LATE TESTIMONY

Aloha Committee Chairs and members

| |
|---------------------|
| Jim Cain Support |
|---------------------|

I am writing in full support of hb2421. In this time of unprecedented economic distress, your thoughts are on balancing the budget. Part of the equation to promoting economic recovery lies in creating jobs. This bill will help provide the necessary funding in moving in that direction. It is estimated that the state of Hawai'i imports over \$2 billion worth of food every year. There is a huge untapped potential of diversifying our economy, supporting our rural communities, and providing for vital food security by promoting locally grown food. This effort will require funding to get established, and this bill is seen as a means to provide this necessary funding. Please support the many efforts to increase our local food supply and pass this bill. Mahalo,

Jim Cain, Chair, Taro Security and

Purity Task Force

LATE TESTIMONY

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Senator Clayton Hee, Chair
Senator Jill Tokuda, Vice Chair

Kat Brady
Oppose

COMMITTEE ON ENERGY AND THE ENVIRONMENT

Senator Mike Gabbard, Chair
Senator J. Kalani English, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair
Senator Rosalyn Baker, Vice Chair

Monday, March 15, 2010

Room 229

3:00 PM

OPPOSITION TO HB 2421 HD2

Aloha Chairs Hee, Gabbard, and Fukunaga and Members of the Committees!

My name is Kat Brady and I am OPPOSED to HB 2421 HD2, which I find very disappointing and disingenuous.

On its face, the issues of sustainability, food security and energy self-reliance are all good things and makes one think that this bill will really accomplish those lofty goals.

However, upon closer examination, this bill is quite disturbing and leaves plenty of room for unintended consequences and for entities to 'game' the situation.

The bill rightly discusses climate change and Hawai'i's position on the front lines of this impending disaster. It discusses our over-dependence on food and energy from outside sources and our export of almost \$9 billion from our anemic economy to purchase food and energy.

The bill then speaks of the Hawai'i Clean Energy Initiative. This top-down plan does not even define what 'clean energy' is. Hawai'i's definition of "renewable energy" has been seriously compromised to include energy efficiency (which does NOT GENERATE electricity). Why the subterfuge? Not defining 'clean energy' is like trying to snow the community with the 70% renewable energy by 2030. We all know this is not true, but it sure sounds good.

This measure calls for increasing the barrel tax on oil to stem the effects of climate change. If this were truly our intent, why wouldn't we tax coal and tropical biofuels also? Coal is the dirtiest fossil fuel on the planet and the production of tropical biofuels has displaced indigenous people, destroyed tropical rainforests, and dubbed Indonesia the third largest emitter of greenhouse gases.

The Legislature was proud a few years ago when the Greenhouse Gas Emissions Task Force was formed. We were taking a pro-active step to confront climate change and the future of our island communities.

LATE TESTIMONY

Section 12 allocates funding for the climate change task force and Section 13 allocates funding for the greenhouse gas emissions reduction task force. Reducing greenhouse gas emissions was adopted as a state policy.

This begs the question: Why would Hawai'i tax only one energy import – oil – and ignore the 800 gorilla in the middle of the room? Hawai'i burns coals for 16% of our electricity production; O`ahu get 20% of its energy from coal.

HECO's new generator at Campbell Industrial Park was approved to run on 100% biofuels – which Hawai'i does not produce itself. Subsequently, HECO has amended their proposal to instead use *imported* animal fat as feedstock. The PUC docket on this proposal is still open and its disposition has yet to be determined.

Why does Hawai'i make policy one year and then try to pass legislation that contravenes that policy in succeeding years?

Sending confusing messages to the community is NOT good public policy.

I respectfully ask that you hold this omnibus bill.

From: Nai'a [naiawailea@maui-maven.com]
Sent: Monday, March 15, 2010 10:09 AM
To: WTLTestimony
Subject: HB2421 nay

Committee on Water, Land, Agriculture, and Hawaiian Affairs
Committee on Energy and Environment
Committee on Economic Development and Technology
Monday, March 15, 2010

3:00 p.m.

Room 229

Aloha Chairs Hee, Fukunaga and Gabbard;

HB2421 proposes to tax imported petroleum oil but not to tax imported coal, imported ethanol and imported palm oil biodiesel grown by destroying rainforests.

This makes little sense. Please hold HB 2421.

Mahalo

Nadine Newlight

67 Kainehe Place

Wailea 96753-6506

808-573-7730

Please consider the environment before printing this e-mail



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819

Phone: (808) 848-2074; Neighbor Islands: 1-800-482-1272

Fax: (808) 848-1921; e-mail: info@hfbf.org

LATE TESTIMONY

Luella Costales
Support w/ comments

TESTIMONY

RE: HB2421 HD2 RELATING TO GOVERNMENT

Chair Hee and Members of the Committees:

Hawaii Farm Bureau Federation, the State's largest general agriculture advocacy organization **is in strong support of and provides comments for HB HD2 2421** which modifies the Environmental Revolving Fund to provide for long term Energy and Food Security.

Hawaii Farm Bureau Federation agrees with the intent of the measure to identify a stable funding source to provide for long term energy and food security in the State. Today, as everyone faces economic hardships, the balance between cutting costs and providing for the future is critical. Agriculture is just at that tipping point. Our farmers and ranchers are undergoing severe hardships not only due to economic challenges but from other fronts including weather, either droughts or flooding. Many of our larger farmers ...those who make a difference in Hawaii's self sufficiency have quietly faded away as they lost their life savings or are unable to pay loans due to increased costs of production. Energy costs play a significant role in their plight – and not just through direct fuel costs to run their tractors but due to their inputs(fertilizers, drip tubing, crop protection chemicals, tractor tires, etc.) that are fossil fuel based, or their utility bills to process or chill their products.

Combining Energy and Food Security into a comprehensive plan has merits. As renewable energy facilities are considered, many of the lands on which they could be sited are on agricultural lands. It is a no-brainer that the most productive agricultural lands ..flat terrain, easy access to infrastructure, and good sunlight in the case of solar are the same lands that make it most attractive for energy development. To meet Hawaii's long term food and energy security needs, it will be critical that there be a balance between agriculture and energy production. As energy prices have skyrocketed, there is a rush to provide for long term energy self sufficiency. Recently, when there was a tomato contamination issue, every buyer became Hawaii's tomato farmer's best friend. One week later, as the scare subsided and mainland tomatoes were deemed safe, the buyers no long recognized the existence of the local farmer. The same happens during a strike or catastrophic events. Just as renewable energy facilities cannot be constructed overnight, fields of produce or stockyards of cattle cannot happen when the need suddenly appears. It must be nurtured and cultivated everyday. Agriculture has the potential to not only provide for self sufficiency but bring new monies into Hawaii with export of unique items that may be in demand on the mainland or in foreign destinations. This new money into Hawaii is important to expand Hawaii's financial needs to provide for services for everyone. Providing for self sufficiency alone does not provide for our long term sustainability.

We believe there may be some need to define what the intent is for Food Security. Food security can mean many things. The preamble addresses disruptions in supply. While this happens during emergencies whether natural or created, there are also issues about food security in our society today. Does everyone, homeless, low income and others less fortunate have access to nutritious food? After much thought, HFBF, **recommends the following definition to food security.**

Food security is defined reasonable access to affordable food by the people of Hawaii. It also means the capacity to:

- provide for the population of Hawaii during a catastrophe/pandemic for a minimum of three months
- convert lands to larger scale food production within the three month period.
- produce raw agricultural products and excess levels that can be processed and preserved for use at a later date

Successful food security is achieved through a well rounded agricultural industry, made up of all types of agriculture including flowers and landscape plants existing in synergy.

We also believe that the reference to Agricultural Development and Food Security is important. Agriculture for food production cannot exist in isolation. Other types of agriculture, for flowers and plants are equally important. Heavy reliance on importation of flowers can bring invasive species that ultimately impact food production. Commercial flower farms can be converted to food production in emergencies. The farmers will have the skill levels needed to grow food crops. There is an important synergy that must be recognized in this measure.

The current measure suggests that HDOA be tasked with defining the use of funds. HFBF does not disagree with the designation of the Department as the responsible party for submission of the report of programs to be funded using the special fund. However, we feel that it is **important that the measure define the importance of including diverse stakeholders within the agricultural industry, including related entities that are critical for distribution and management of food systems.** The inclusion of these stakeholders is critical for the development of a pragmatic recommendation with realistic priorities.

We agree with the concept of working with Economic Development Boards and strongly urge continued discussion on a Comprehensive Food and Energy Security program. Farm Bureau looks forward to participating in the discussions. It is important that all ramifications to all sectors of society is understood as we move forward with this measure.

Thank you for this opportunity to provide comments on this matter.

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 15, 2010 11:51 AM
To: WTLTestimony
Cc: ponosize@hotmail.com
Subject: Testimony for HB2421 on 3/15/2010 3:00:00 PM

Testimony for WTL/ENE/EDT 3/15/2010 3:00:00 PM HB2421

Conference room: 229
Testifier position: oppose
Testifier will be present: No
Submitted by: Pono Kealoha
Organization: Individual
Address: 1107 Acacia Rd. #113 Pearlcity. Nation of Hawaii
Phone: 456-5772
E-mail: ponosize@hotmail.com
Submitted on: 3/15/2010

Comments:
Aloha Chairs Hee, Fukunaga and Gabbard.

HB2421 proposes to tax imported petroleum oil but not to tax imported coal, imported ethanol and imported palm oil biodiesel grown by destroying rainforests.

This makes little sense. Please hold HB 2421.

Mahalo

Pono Kealoha

From: david gelber [davegelber@gmail.com]
Sent: Monday, March 15, 2010 12:25 PM
To: WTLTestimony
Subject: HB 2421

Aloha,

House Bill 2421 sounds like a good idea on the surface, but the details are something that I object to. Here are the primary topics that I object to;

- Taxes petroleum, but not coal. Coal is an expensive imported, non-sustainable resource that is a known pollution maker.
- Plans to finance bio-fuel burning for power generation. Bio-fuel plants are as big a polluter as coal, and often burn coal to augment their performance.

Here are some ideas that would be better for serving Hawaii and its environment.

- A better use of limited funds would be for wind, and solar farms on public property.
- Also more incentive for private homes and businesses to incorporate solar into their design.

Thank you,

David Gelber
United Natural Foods, Inc.
Hawaii Territory Sales Manager
davegelber@gmail.com
(808)987-8534 Cell (866)784-0607 Fax

LATE TESTIMONY



| |
|------------------------------|
| Jamie Ayaka Moody Support |
|------------------------------|

Bill **HB2421 HD2**
Date **March 15, 2010**
Time **3:00pm**
Place **Conference Room 229**
Committee **WTL/ENE/EDT**
Chair **The honorable Senator Clayton Hee**
Vice Chair **The honorable Senator Jill N. Tokuda**
Chair **The honorable Senator Mike Gabbard**
Vice Chair **The honorable Senator J. Kalani English**
Chair **The honorable Senator Carol Fukunaga**
Vice Chair **The honorable Senator Rosalyn Baker**

Aloha Chairs and Vice Chairs and Members of the Committee,

Hawaii Science and Technology Council (HSTC) strongly supports HB2421 HD2.

We believe that this measure will facilitate in providing for funding of food and energy security through a surcharge on a barrel of oil imported into Hawai'i. We also feel that this is of the first monumental actions taken by our leaders and communities of moving clean energy policy that will ultimately assist in making Hawaii a self-sustaining State. By decreasing our reliance on imported oil, to fund clean energy programs as well as providing funding for food security is critical to the future of our state and its prosperity.

In December of 2009, there was a market research and survey that was conducted by Blue Planet Foundation to discern the level of public support for an implementation of the barrel tax for clean energy investment. The survey indicated that there was a broad support from the residents (two-thirds) for the concept of a barrel tax, with an average of \$5 more that they were willing to pay at the gas pump. These findings are important to take note by our elected officials who may not be certain with how their constituents may feel about this measure. Public opinion is an important element particularly for this measure.

We at HSTC hope to work with you to make this legislation possible for the people of Hawaii.

Thank you for the opportunity to Testify.

Respectfully yours,

Jamie Ayaka Moody
Government Relations
Hawaii Science & Technology Council
733 Bishop Street. #1800
Honolulu, HI 96813



LATE TESTIMONY

Hawaii Solar Energy Association
Serving Hawaii Since 1977

March 15, 2010
3:00PM

SENATE
COMITTEE ON WATER, LAND, AGRICULTURE,
AND HAWAIIAN AFFAIRS

Mark Duda
President

COMMITTEE ON ENERGY AND ENVIRONMENT

COMMITTEE ON ECONOMIC DEVELOPMENT
AND TECHNOLOGY

HB 2421 HD 2

TESTIMONY IN SUPPORT WITH SUGGESTED AMMENDMENTS

Aloha Chair Hee, Vice Chair Tokuda, Chair Gabbard, Vice Chair English, Chair Fukunaga, Vice Chair Baker, and Members of the Committees:

HSEA supports House Bill 2421, providing for funding of food and energy security through a surcharge on each barrel of oil imported into Hawai'i. We believe this is keystone clean energy policy that will enable much of the energy transition to the preferred future Hawai'i has been seeking for generations. The critical elements of Hawaii's clean energy future—energy efficiency, smart-grid infrastructure, planning and implementation—require up- front investment.

HSEA believes the best way to accomplish this is by tapping the source of our problem—imported oil—to fund clean energy programs. This measure will help enable Hawaii's clean energy future while creating good paying, local jobs in the high-tech renewable energy and energy efficiency fields. Further, according to market research commissioned by Blue Planet Foundation, over two-thirds of Hawai'i residents support paying an additional amount on their energy bills (with the mean equivalent to a \$5 per barrel tax) if the revenue was dedicated to Hawaii's clean energy future.

To accelerate Hawaii's transition to energy independence, HSEA proposes, the following amendments to HB 2421:

- (1) Increase the oil tax to \$5 per barrel (yielding approximately \$160 million annually).
- (2) Expand the uses of the barrel tax to include doubling the capacity of the existing energy efficiency Public Benefit Funds Administrator (regulated by the Public Utilities Commission), including increasing and adding efficiency incentives such as appliance buy-back programs, free home energy audits, solar water heater and compact fluorescent / LED rebates, and other efficiency programs.
- (3) Ensure that the aviation fuel exemption applies only to aviation fuel, not simply for fuels that aviation companies use for ground transportation and other non-flying uses.

(4) Sunset the aviation fuel exemption on January 1, 2015.

Thank you for the opportunity to testify on this measure.

Mark Duda
President, Hawaii Solar Energy Association

About Hawaii Solar Energy Association

Hawaii Solar Energy Association (HSEA) is comprised of installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. Our primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 15, 2010 12:46 PM
To: WTLTestimony
Cc: mike@mikeswerdlow.com
Subject: Testimony for HB2421 on 3/15/2010 3:00:00 PM

Testimony for WTL/ENE/EDT 3/15/2010 3:00:00 PM HB2421

Conference room: 229
Testifier position: oppose
Testifier will be present: No
Submitted by: michael
Organization: Individual
Address:
Phone:
E-mail: mike@mikeswerdlow.com
Submitted on: 3/15/2010

Comments:

details need to be worked out first. The bill sounds great: tax oil fund clean energy. However, coal and palm oil biodiesel are far worse in terms of greenhouse gas emissions and Asian palm oil biodiesel practices are causing cultural genocide and ecosystem destruction. In addition, state law does not define clean energy.

LATE TESTIMONY

Eileen Ellis
Support

**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,
AND HAWAIIAN AFFAIRS
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

March 15, 2010, 3:00 P.M.
Room 229

Testimony in support of HB 2421 HD2

Chairs Hee, Gabbard, and Fukunaga and members of the committees:

I strongly support House Bill 2421 HD2 to provide funding of food and energy security through a surcharge on each barrel of oil imported into Hawai'i. Our dependence on imported oil leaves us particularly vulnerable to oil prices which are certainly going up again soon. This dependence is also a security issue. A \$5 per barrel tax on oil would provide the needed funding for clean energy and efficiency research, planning, implementation to transition to our preferred clean energy future. As we dramatically expand our clean energy capacity in Hawai'i, the real economic benefits of this carbon surcharge will far outweigh the additional burden it may present.

I prefer to pay now and reap the benefits later. And I would like us all to leave a positive legacy for the next generation.

Thank you for the opportunity to testify.

Eileen Ellis

ellis2@hawaii.edu
(808) 956-2861

2525 Correa Road, HIG 205
Honolulu, Hawaii 96822



Conservation Council for Hawai'i

Marjorie Ziegler
Supports intent
and HD1 lang.

Testimony Submitted to the Senate Committee on Water, Land, Agriculture, and Hawaiian Affairs,
Senate Committee on Energy and Environment, and
Senate Committee on Economic Development and Technology

HB 2421 Relating to Government
Hearing: Monday, March 15, 2010 3 pm Room 229

In support of the intent of HB 2421 HD 2

Aloha. Conservation Council for Hawai'i supports the intent of HB 2421 HD 2, which establishes various initiatives, and appropriates funds to promote economic development for local food and energy businesses, ensures Hawaii is energy and food self-sufficient and sustainable to the maximum extent feasible, and helps Hawaii's natural resources and humankind adapt and be resilient to the inevitable challenges brought on by climate change. Increases and changes the name of the environmental response tax. Effective July 1, 2020. (HB2421 HD2)

The true and full cost of using fossil fuels should be reflected in their price, and income generated by this bill could stay in Hawai'i to provide jobs and increase food and energy security.

We prefer the language and provisions in the original bill as amended by the House Committees on Energy and Environmental Protection and Agriculture (HD 1).

Mahalo nui loa for the opportunity to testify.

Marjorie Ziegler

Marjorie Ziegler



Hawai'i's Voice for Wildlife – Ko Leo Hawai'i no na holoholona lohiu

Telephone/Fax 808.593.0255 • email: info@conservehi.org • web: www.conservehi.org
P.O. Box 2923 • Honolulu, HI 96802 • Office: 250 Ward Ave., Suite 212 • Honolulu, HI 96814
President: Maura O'Connor * Treasurer: Kim Ramos * Secretary: Douglas Lamerson
Directors: Madelyn D'Enbeau * Maka'ala Ka'aumoana * Hannah Springer
Executive Director: Marjorie Ziegler

LATE TESTIMONY

| |
|--|
| Stuart Coleman Surfrider Foundation Support w/ amendment |
|--|

**SENATE COMMITTEE ON WATER, LAND, AGRICULTURE,
AND HAWAIIAN AFFAIRS
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

March 15, 2010, 3:00 P.M.
Room 229

Testimony in support of HB 2421 HD2

Dear Chairs Hee, Gabbard and Fukunaga,

My name is Stuart Coleman, and I am the Hawaii Coordinator of the Surfrider Foundation. I strongly support House Bill 2421 HD2 to provide funding of food and energy security through a surcharge on each barrel of oil imported into Hawai'i.

I support a barrel tax of \$5 or more to help subsidize the up-front investment in the crucial elements of Hawaii's clean energy future—energy efficiency, smart-grid infrastructure, planning and implementation. I also support a larger portion of the revenue to be directed to energy efficiency programs that reach a large number of residents. As you know, we are more than 90% dependent on imported fossil fuels, and this poses a dangerous situation for Hawaii. In order to change our addiction to imported oil, the best way to provide funding for clean energy investment is by tapping the source of our problem—imported oil. House Bill 2421 will help enable Hawaii's clean energy future while creating good paying, local jobs in the high-tech renewable energy and energy efficiency fields.

By imposing a \$5 per barrel tax on oil and other fossil fuels, this effort would provide the needed funding for clean energy and efficiency research, planning, implementation to transition to our preferred clean energy future. As we dramatically expand our clean energy capacity in Hawai'i, the real economic benefits of this carbon surcharge will far outweigh the additional burden it may present. Will we be leader in the clean energy movement or a latecomer?

The proposed barrel tax discourages fossil fuel use while providing a source of revenue for clean energy planning and implementation. Unlike many other taxes, the barrel tax is largely avoidable by most residents. Energy efficiency, conservation, and switching to clean sources of power all reduce the burden of the tax. In fact, most residents could reduce the amount of barrel tax they pay by installing some compact fluorescent light bulbs at home and ensuring that car tires are properly inflated. Ensuring that a good portion of the oil tax revenues are spent on energy efficiency initiatives will help reduce the potential regressive nature of this policy.

LATE TESTIMONY

I ask that you also include a tax on imported coal and palm oil from Indonesia (which has led to massive deforestation in the area) because these contribute equally to global warming. Please don't use the funding to pay for the undersea cable because each island should develop their own energy sources. I urge you to pass this critical funding initiative to ensure that Hawaii has the resources to make the transition to a clean energy economy.

Mahalo for your consideration.

Stuart Coleman
Surfrider Foundation

scoleman34@gmail.com
(808) 942-3841

2121 Algaroba St., #1107
Honolulu, Hawaii 96826

LATE TESTIMONY

WINDWARD AHUPUA'A ALLIANCE

From the Peaks of *Na Ko'olau* to the Outer Reefs

*Community-Based Planning
Sustainable Economic Development
Restoration, Preservation, Protection & Public Access
Educational & Cultural Programs*

COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS

Senator Clayton Hee, Chair

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair

& COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair

HB 2421, HD 2 – RELATING TO GOVERNMENT

Support Intent & Most Provisions With Suggested Amendments

PUBLIC HEARING

3 pm

Monday, March 15, 2010

Conference Room 229

My name is Shannon Wood speaking on behalf of the *Windward Ahupua'a Alliance* in strong support of the intent of **HB 2421 HD2** which establishes a barrel tax on petroleum brought into the state for both energy as well as transportation uses.

Although the original concept of addressing the major food and fuel security issues which Hawai'i faces was addressed last year, legislative leaders decided not to override *Governor Lingle's* veto last July. As someone who has been professionally involved in a variety of climate change and renewable energy issues for almost a decade, I was deeply disappointed; however, but I also saw this as an opportunity to strengthen the language and remove some of the possibly ambiguous sections in the 2009 bill.

Both the original language of **HB 2421** as well as the amendments listed in **HD1** make sense both from an environmental as well as a financial perspective.

Unfortunately, the language in **HD 2** takes a huge step backwards by ignoring the purpose and intent of the legislation.

Before I address these issues, I want to acknowledge the work done by Mark Fox from *The Nature Conservancy*, Robert Harris from the *Sierra Club - Hawai'i Chapter*, and Jeff Mikulina from *Blue Plant Foundation* for their support of **HB 2421**

P.O. Box 6366

Kane'ohe, HI 96744

E-Mail: info@waa-hawaii.org

Voicemail: 808/247-6366

Cellular: 808/223-4481

Website: <http://www.waa-hawaii.org>

Yes, I advocated last year - and for five years before that - and again this year to include coal in the " Environmental Response, Energy, and Food Security Tax" since we in Hawai'i rely upon coal for approximately 10% of our energy needs; however, that isn't likely to happen for a number of reasons.

The issue hasn't gone away, but until *Congress* and the *Obama Administration* start working together on these issues from a rational national perspective, there's not much sense in spending our limited time & human energy here talking about adding coal language.

Next, this tax is NOT regressive as some would argue. Working on the assumption that someone who drives a "beater" for a minimum of 40,000 miles per year and only gets 12 miles to the gallon, the costs to the owner are remarkably small.

Remember, this is a barrel tax, not a gallon tax. The \$1.05 tax would be assessed against a 42-GALLON barrel which would be paid upon its arrival in the state and not added on at the pump. Although only an estimated 19.3 gallons would be turned into gasoline, it's important to understand that, given our reliance upon petroleum for energy uses, the amount we consumers directly utilize is close to 37 GALLONS all totaled in each barrel.

The cost to all consumers - whether for energy or transportation needs - based upon a 42-GALLON barrel would be approximately 2.5 cents per gallon. Assuming that the owner of the above "beater" buys 3,500 gallons of gasoline a year, the total annual cost would be approximately \$87.50 a year, \$7.30 per month, or \$1.50 a week.

Add to that a \$3 energy tax on 600 hours per month worth of home energy consumption and now we're talking about \$123.50 per year or about \$10.25 a month or \$2.20 a week all totaled to work towards reducing our dependency upon imported petroleum which pours tons of greenhouse gases into our atmosphere every day.

Moderate-income families do have other options - taking the bus as I do these days because I can no longer drive or arranging for carpools to commute to and from work.

Turning now to the current draft before you - I strongly support adding language to fund the Climate Change Task Force which *Governor* Lingle has refused to implement using lack of money as a key reason.. She also says that it will duplicate being done by both the *Office of Planning* and the *University of Hawai'i*; However, the public is not directly represented in either of these entities in the way that the Task Force is set up with six of the seventeen members being named by the *House* and the *Senate*.

Her veto of SB 266 CD1 was overridden last July 15 with only two members each in the *House* and the Senate voting NO.

What I do not like about the current draft is that it guts the purpose of the bill by taking away most of the positions which would help make the statute function properly. These professional positions are critical to the success of the entire food and fuel security concept.

Removing \$10 million to the General Fund will also gut the bill's purpose - during this critical first year.

When some of us *environauts* were first discussing the concept of this bill in 2008, I argued that the language should specifically state that the revenues from the tax should go towards funding all new as well existing renewable energy and sustainable food security programs in the state plus selected environmental programs addressing climate change and its impacts on endangered species, water resources, and sewage & solid waste management systems. Left-over revenues - estimated at that time around \$15 million - would go to the General Fund.

However, once the aviation fuels were stripped out of the bill, the total after funding all of these programs will be reduced to about \$5 million.

Therefore, I urge that you replace the HD 1 language removed in HD 2 and then change the language concerning the amount going into the General Fund over the next five years to either a percentage of the revenues or the balance at the conclusion of each fiscal year.

Mahalo for the opportunity to express my support for the concept of this legislation, but I do urge you to go back to the original language so that it will work.

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 15, 2010 1:37 PM
To: WTLTestimony
Cc: peacesubhadra@gmail.com
Subject: Testimony for HB2421 on 3/15/2010 3:00:00 PM

Testimony for WTL/ENE/EDT 3/15/2010 3:00:00 PM HB2421

Conference room: 229
Testifier position: oppose
Testifier will be present: No
Submitted by: diane corcoran
Organization: Individual
Address:
Phone:
E-mail: peacesubhadra@gmail.com
Submitted on: 3/15/2010

Comments:

LATE TESTIMONY

From: Pam Lightfoot Burrell [good.designworks@hawaiiantel.net]
Sent: Monday, March 15, 2010 4:27 PM
To: WTLTestimony
Subject: HB 2421

Aloha,

As a proponent for clean energy and all for taxing oil, I question how the money is to be spent. Laying cables is probably not the lowest hanging fruit of energy independence. Leaving out a tax for coal ? not equitable.

Please go back to the drawing board and craft a better bill.

Regards,

Pamela Burrell
Kilauea, HI. 96754

TESTIMONY
HB 2421, HD2
LATE
(END)