

STAND. COM. REP. NO.

805

Honolulu, Hawaii

MAR 06 2015

RE: S.B. No. 359
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 359 entitled:

"A BILL FOR AN ACT RELATING TO THE ENVIRONMENTAL RESPONSE,
ENERGY, AND FOOD SECURITY TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to ensure that adequate funding is provided for environmental response, energy security, and agricultural development and food security programs of the State.

Specifically, the measure strengthens the State's self-sustainability by:

- (1) Increasing the allocations from the state environmental response, energy, and food security tax to the environmental response revolving fund, the energy security special fund, and the agricultural development and food security special fund;
- (2) Making permanent the agricultural development and food security special fund and repealing the June 30, 2030, lapse date of unexpended or unencumbered moneys in the fund; and
- (3) Making permanent the amendments made under Act 73, Session Laws of Hawaii 2010, to the environmental response revolving fund; the energy security special

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fund; and the environmental response, energy, and food security tax.

Your Committee received written comments in support of this measure from the Department of Health, the Department of Agriculture, the Agribusiness Development Corporation, the Honolulu Board of Water Supply, the Hawaii Energy Policy Forum, the Hawaii Farm Bureau, Hawai'i Green Growth, The Nature Conservancy, Ulupono Initiative, and one individual. Your Committee received written comments on this measure from the Department of Budget and Finance, the University of Hawaii, and the Tax Foundation of Hawaii.

Your Committee finds that there has been a growing public sentiment that the State is precariously dependent upon imported food and fuel. In response, the Legislature enacted Act 73, Session Laws of Hawaii 2010, in which the agricultural development and food security special fund was created to reduce the importation of food, fodder, or feed from outside the State. Your Committee believes that the environmental response, energy, and food security tax is a vital revenue source that can provide the resources necessary to realize the State's goal of greater food security and self-sustainability.

Your Committee notes that this measure, as received, would have resulted in a loss of \$12,500,000 in general revenues. Your Committee will be very mindful of this negative impact on the general fund as this measure moves through the legislative process.

Your Committee has amended this measure by:

- (1) Changing to unspecified amounts the portions of the state environmental response, energy, and food security tax that are to be deposited into the environmental response revolving fund, the energy security special fund, and the agricultural development and food security special fund; and
- (2) Changing the effective date to July 1, 2053, to facilitate further discussion on the 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 S.B.



No. 359, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 359, S.D. 1.

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



JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

| Bill / Resolution No.:* SB359 | Committee Referral: ENE/AGL, WAM | Date: 2/27/15 | | |
|--|--|-------------------------|----------|----------|
| <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 |
| TOKUDA, Jill N. (C) | ✓ | | | |
| KOUCHI, Ronald D. (VC) | ✓ | | | |
| CHUN OAKLAND, Suzanne | | | | ✓ |
| DELA CRUZ, Donovan M. | ✓ | | | |
| ENGLISH, J. Kalani | ✓ | | | |
| GALUTERIA, Brickwood | ✓ | | | |
| HARIMOTO, Breene | ✓ | | | |
| INOUYE, Lorraine R. | | ✓ | | |
| RIVIERE, Gil | ✓ | | | |
| RUDERMAN, Russell E. | | | | ✓ |
| SLOM, Sam | | | ✓ | |
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| TOTAL | 7 | 1 | 1 | 2 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </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