

STAND. COM. REP. NO.

2822

Honolulu, Hawaii

MAR 19 2010

RE: H.B. No. 2421
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
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. 2421, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO GOVERNMENT,"

beg leave to report as follows:

The purpose of this measure is to establish various initiatives and appropriate funds to promote economic development for local food and energy businesses, ensure Hawaii is energy and food self-sufficient and sustainable, and help Hawaii's natural resources and population adapt to the inevitable challenges that will be brought about by climate change.

Specifically, this measure:

- (1) Removes the cap on the environmental response revolving fund;
- (2) Renames the "environmental response tax" the "environmental response, energy, and food security tax", increases the tax to \$1.05 per barrel of petroleum product, and exempts aviation fuel from the tax;
- (3) Allocates moneys collected by the environmental response, energy, and food security tax to the environmental response revolving fund, the energy security special fund, the energy systems development



special fund, and the agricultural development and food security special fund;

- (4) Authorizes expenditures from the energy security special fund for various purposes to meet the objectives of the Hawaii Clean Energy Initiative Program and requires annual reporting on the use of the funds;
- (5) Establishes the Hawaii Economic Development Task Force, and appropriates an unspecified amount from the portion of the environmental response, energy, and food security tax that is deposited into the energy security special fund for the Task Force;
- (6) Establishes the agricultural development and food security special fund, into which a portion of the environmental response, energy, and food security tax shall be deposited;
- (7) Appropriates unspecified amounts from the agricultural development and food security special fund for various projects supporting the agricultural industry;
- (8) Establishes the Hawaii Clean Energy Initiative Program to design and implement a plan to transition the State to a clean energy economy by 2030, among other tasks;
- (9) Appropriates an unspecified amount from the energy security special fund for the Climate Change Task Force and the Greenhouse Gas Emissions Reduction Task Force;
- (10) Authorizes the Governor to establish positions necessary to manage renewable energy projects funded by federal grants; and
- (11) Includes a one-time transfer of \$10,000,000 from the energy security special fund to the general fund.

Testimony in support of the measure was submitted by fourteen organizations and four individuals. Two organizations support the intent, and one organization and one individual submitted comments. Testimony in opposition was submitted by two state agencies, one organization, and thirty individuals. Written testimony presented to the Committees may be reviewed on the Legislature's website.



Your Committees find that it is in the best interests of Hawaii's people to develop the capacity to become energy and food self-sufficient and protect human health and the function of Hawaii's natural environment. Your Committees recognize the concerns raised by many testifiers regarding the exclusion of coal and palm oil from this measure, and hope that these fuels will remain part of the continuing discussion. Your Committees believe that addressing the volatile petroleum market is a strong step toward Hawaii's energy and food security, because when world market prices go up, the people of Hawaii are forced to pay the increased price. Developing a clean energy economy is essential to stabilizing Hawaii's energy costs. According to the Blue Planet Foundation, recent polls indicate that two-thirds of Hawaii residents support a tax increase on barrels of petroleum if the revenue is dedicated to creating new clean energy systems and reducing Hawaii's dependence on oil. This measure is a comprehensive approach for Hawaii's clean energy future.

Your Committees further find that the recent discovery of coqui frogs in every district of Oahu except Waianae is compelling evidence to immediately increase funding for the prevention and eradication of harmful invasive species. This measure will dedicate \$1,000,000 for agricultural inspectors for the Department of Agriculture. Additionally, your Committees have increased the membership on the Hawaii Economic Development Task Force to better represent the citizens, because your Committees understand that this measure will disproportionately affect those citizens who drive long distances and thus use more petroleum for transportation.

Your Committees have amended this measure by:

- (1) Repealing certain sections of the measure on June 30, 2015, including sections:
 - (A) Removing the cap on the environmental response revolving fund;
 - (B) Renaming the "environmental response tax" the "environmental response, energy, and food security tax" and increasing the tax to \$1.05 per barrel of petroleum product;

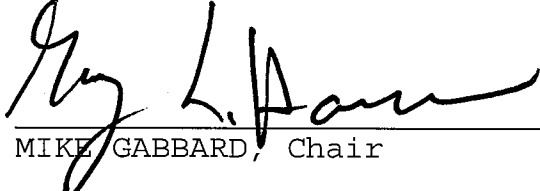


- (C) Allocating moneys collected by the environmental response, energy, and food security tax to the environmental response revolving fund, the energy security special fund, the energy systems development special fund, and the agricultural development and food security special fund;
 - (D) Authorizing expenditures from the energy security special fund for various purposes to meet the objectives of the Hawaii Clean Energy Initiative Program and require annual reporting on the use of the funds; and
 - (E) Establishing the agricultural development and food security special fund, into which a portion of the environmental response, energy, and food security tax shall be deposited;
- (2) Inserting a provision to clarify that when the agricultural development and food security special fund is repealed, any unexpended or unencumbered funds remaining shall lapse to the general fund;
 - (3) Expanding the membership of the Hawaii Economic Development Task Force by directing the Speaker of the House of Representatives and the Senate President to each designate three members;
 - (4) Providing that \$1,000,000 of the \$10,000,000 sum transferred from the energy security special fund shall be used to fund agricultural inspectors at the Department of Agriculture; and
 - (5) Making technical, nonsubstantive changes for the purposes of style, clarity, and consistency.

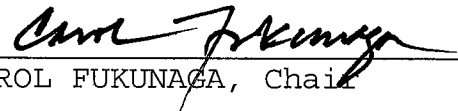
As affirmed by the records of votes of the members of your Committees on Water, Land, Agriculture, and Hawaiian Affairs and Energy and Environment and Economic Development and Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2421, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2421, H.D. 2, 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

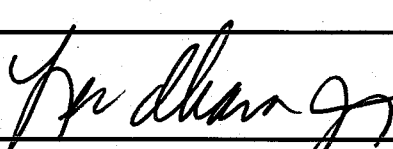

CLAYTON HEE, Chair


CAROL FUKUNAGA, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

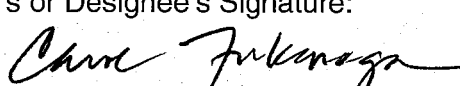
Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* HB 2421 HD2	Committee Referral: WTL/ENE/EDT, WAM	Date: 3-18-10		
<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	4	0	0	3
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				

*Only one measure per Record of Votes

The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* HB 2421 HD2	Committee Referral: WTR ENG EDT, NAM	Date: 3/18/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
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Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
BAKER, Rosalyn H. (VC)		✓		
HEE, Clayton	✓			
IGE, David Y.		✓		
SLOM, Sam			✓	
TOTAL	2	2	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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