STAND. COM. REP. NO. 074 -08

Honolulu, Hawaii

March 13, 2008

RE: S.B. No. 2932

S.D. 3 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 2932, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO ENVIRONMENTAL RESPONSE TAX," begs leave to report as follows:

The purpose of this bill is to increase funding available for energy conservation, alternative energy development, global warming initiatives, and other programs by increasing the Environmental Response Tax on petroleum.

The Conservation Council of Hawaii supported this bill. The Sierra Club - Hawaii Chapter supported this measure with amendments. The Department of Business, Economic Development, and Tourism (DBEDT) and Department of Health submitted comments.

Your Committee believes that the scope of this bill is too limited considering Hawaii's dependence on petroleum and the disastrous consequences that being energy deficient may have on the lives of Hawaii residents. Success in achieving the State's energy policy objectives depends on adequate funding and staff. In light of diminishing federal funds, a significant State financial commitment is necessary to support core energy programs and execute previously established energy mandates.

Accordingly, your Committee has amended this bill by replacing its contents with the substance of H.B. No. 3444, H.D. 2, to provide a more comprehensive approach to ensuring energy security, that, among other things, this bill:

- (1) Establishes an Energy Security Special Fund to fund DBEDT energy programs including those that carry out the State's long-term energy security objectives;
- (2) Makes an appropriation in an unspecified amount into, and out of Energy Security Special Fund;
- (3) Renames the Environmental Response Tax the Environmental Response and Energy Security Tax (ERES Tax) and allows it to be used for energy security programs;
- (4) Increases the ERES Tax by an unspecified amount per barrel of petroleum and distributes an unspecified amount of the tax to various funds, and the balance into the general fund.

Your Committee has further amended this bill by:

- (1) Specifying that the ERES Tax increase is from 5 cents to 20 cents; and
- (2) Specifying that the ERES Tax is to be distributed as follows:
 - (A) 5 cents into the Environmental Response Revolving Fund, with an unspecified amount to address concerns relating to drinking water;
 - (B) 12.5 cents into the Energy Security Special Fund; and
 - (C) 2.5 cents into the Energy Systems Development Special Fund.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2932, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2932, S.D. 3, H.D. 1, and be referred to the Committee on Economic Development & Business Concerns.

> Respectfully submitted on behalf of the members of the Committee on Energy & Environmental Protection,

HERMINA MORITA, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: SD2930 SD3	Committee Referral:	Date	3/11/08	۲
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: □ Pass, unamended (as is) □ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. MORITA, Hermina M. (C)				
A CAPPOLL MA (VC)				
2. CARROLL, Mele (VC)				
3. ITO, Ken			Allega (Section Allega)	
4. KARAMATSU, Jon Riki				
5. MAGAOAY, Michael Y.				
6. SAGUM, Roland D., III		の表示。 ・		
6. SAGUM, Roland D., III				
7. SAIKI, Scott K.			2.50	
8. THIELEN, Cynthia				
TOTAL (8)	5	U	0	3
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				